Profile

The Mitsui Trust and Banking Company, Limited, incorporated in 1924, is Japan's oldest trust bank and—with total funds exceeding ¥29.6 trillion—one of the country's largest financial institutions. Its operations encompass loans, securities investment, pension trusts, real estate, stock transfer agency services and private banking services.

Headquartered in Tokyo, Mitsui Trust maintains 60 offices in Japan and three representative offices and four subsidiaries overseas.

On May 24, 1999, we signed an agreement with Chuo Trust & Banking Co., Ltd., for an equal merger on April 1, 2000. The resulting entity will be far stronger and more responsive to the challenges of liberalization and internationalization than the sum of its parts.

Contents

Non-Consolidated Financial Highlights

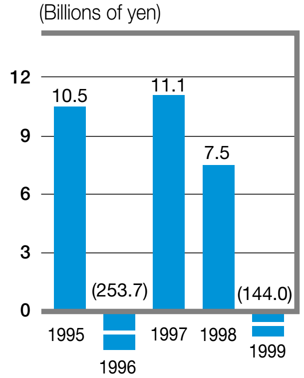
The Mitsui Trust and Banking Company, Limited

Years ended March 31, 1999 and 1998

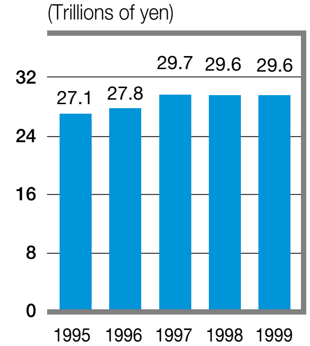
		Millions of yen		Thousands of U.S. dollars*
		1999	1998	**1999**
For the Year	Total Income	**¥ 741,647**	¥ 871,489	**$ 6,152,197**
	Total Expenses	**995,677**	861,932	**8,259,454**
	Income (Loss) before Income Taxes	**(254,029)**	9,557	**(2,107,256)**
	Net Income (Loss)	**(144,021)**	7,506	**(1,194,707)**
At Year-End	Total Funds**	**¥29,644,025**	¥29,609,836	**$245,906,478**
	Deposits	**3,779,748**	4,327,427	**31,354,200**
	Money Trusts	**16,325,241**	14,469,996	**135,422,992**
	Pension Trusts	**4,335,828**	4,331,127	**35,967,056**
	Property Formation Benefit Trusts	**17,941**	19,773	**148,833**
	Loan Trusts	**5,185,264**	6,461,512	**43,013,394**
	Total Loans and Bills Discounted**	**7,787,541**	9,647,152	**64,600,092**
	Total Securities Portfolio**	**17,848,094**	17,862,704	**148,055,532**
	Total Shareholders' Equity	**749,567**	394,840	**6,217,895**
	Capital and Reserves**	**1,009,570**	1,052,152	**8,374,703**
	Capital Adequacy Ratio***	**15.64%**	—	**—**
		Yen		U.S. dollars*
Per Share	Net Income (Loss)	**¥(110.14)**	¥6.26	**$(0.91)**
	Diluted Net Income per Share	**—**	5.95	**—**
	Dividends	**5.00**	5.00	**0.04**

* U.S. dollar amounts stated in this annual report are translated solely for convenience at US$1=¥120.55, the rate prevailing on March 31, 1999.
** These accounting terms are defined on pages 64 and 65 in the financial section.
*** Capital Adequacy Ratio is determined according to guidelines set by the Bank for International Settlements (BIS).

Net Income (Loss)
(Billions of yen)



Total Funds
(Trillions of yen)



A Message from the President

Performance Overview

Fiscal 1998, ended March 31, 1999, was a difficult year for most Japanese industries including the financial sector. Japan's gross domestic product posted negative growth for five consecutive quarters from July 1997 to December 1998, the first time since its statistics were first recorded. Corporate earnings in general were severely hit by sluggish consumer spending and poor capital expenditures while bankruptcies rose to the highest level in the postwar period.

Earnings for the banking industry were also greatly affected by the increase ofbankruptcies and r equests for credit yielding by troubled companies—Mitsui Trust was no exception.

Although our core operating profit, called effective business profit (*jissei-gyomu-jun-eki)* rose slightly from the previous year, credit cost wiped out earnings, leaving a net loss for the first time in three years.

Despite a net loss of ¥144.0 billion, there was a positive effect on the health ofasset quality. We eliminated ¥95.0 billion in unrealized losses on investment securities and wrote off ¥422.1 billion in nonperforming loans.

Mitsui Trust continued to improve the health of its assets by reinforcing and streamlining management. We also enhanced financial flexibility in March 1999 in several ways. First, we issued common shares for ¥27.4 billion through a private placement. We issued ¥250.2 billion in preferred stocks and secured ¥150.0billion in subordinated loans as part of government initiatives to inject public funds into the nation's financial system. By these measures, our consolidated BIS capital adequacy ratio rose to 15.4%, the highest among major banks.

Major Achievements

We were encouraged by several bright spots that assured us we are headed in theright dir ection. For example, in fiscal 1998, the balance of personal loans increased by ¥145.6 billion, to ¥1.374 trillion at the end of the period. The growth during the period as well as the ending balance for personal loans ranked among the top for trust banks in Japan. The steady growth of personal loans was evident to the success of decisions made in the previous period to concentrate personnel and other management resources on individual businesses.

During the year, we opened five in-store branches in suburban areas of Tokyo—a first for a major Japanese bank. These branches were established to provide customers with quick access to housing loans, investment products, real estate transactions, inheritance and testaments. As we expected, these five small branches significantly contributed to the growth of housing loans.

We concentrated our resources heavily in the investment trust business as well as in personal loans to add another pillar of steady income. We took advantage

Kiichiro Furusawa
President

ofder egulations that went into effect on December 1, 1998, allowing the sale of investment trusts at all Mitsui Trust branches.

We established Prudential–Mitsui Trust Investments Co., Ltd., in September 1998 with Prudential Insurance Company of America for managing various types of investment products. The products from this joint venture were added to our current lineup. In addition, we established Japan's first Investment Trust Center, at our Shinjuku Nishiguchi Branch, to deliver detailed information on investment trusts and to provide professional advice on financial planning.

Through these efforts, the balance of investment trusts under management grew to more than ¥100 billion in May 1999. This figure was one of the top among Japanese banks.

In other lines of business, we made two important decisions in fiscal 1998. In October, we decided to completely shut down our overseas banking operations. Domestically, we closed Mitsui Trust Securities Co., Ltd., in March 1998. These measures were taken to increase profitability by concentrating on the most competitive business areas.

Merger with Chuo Trust & Banking

On May 24, 1999, we signed an agreement with Chuo Trust & Banking Co., Ltd., for an equal merger on April 1, 2000.

We carefully and extensively analyzed the environment surrounding the banking industry and concluded that a merger with Chuo Trust was the best answer tointensifying competition.

The resulting entity, called Chuo Mitsui Trust and Banking Company, Limited (CMTB), will be far stronger and more responsive to the challenges of liberalization and internationalization than the sum of its parts. By combining our expertise, we believe that we can also be far more customer-oriented and consistently meet the expectations of our shareholders.

The merger will have four key benefits. First, it will allow us to expand and strengthen our customer base across a broader individual and corporate business range.

Second, the new bank will be Japan's premier trust bank, with solid leadership positions in everything from corporate pension plan management to investment trusts and transfer agency operations.

Third, a larger branch network will let us improve our reach, particularly in metropolitan Tokyo, and enhance customer convenience.

Fourth, the synergies of two trust banking partners will generate dramatic savings and bolster our cost structure by allowing us to integrate overlapping systems and operations.

Looking Ahead

We are now preparing for the merger in every division of the Company and subsidiaries. On July 1, 1999, our three subsidiaries engaged in credit card services, credit guarantee services and asset management merged with corresponding subsidiaries of Chuo Trust in advance of the merger of the parent banks.

We will make our best efforts to increase the profitability of the Company with incessant reorganization and cost reduction. By doing so, we will continue to position ourselves as one of Japan's leading banks. We ask for the ongoing support and encouragement of our shareholders, customers and business partners as we tackle our many challenges in the year ahead.

August 1999

Kiichiro Furusawa

Kiichiro Furusawa
President

Major Management Issues

Management Strategy

Mitsui Trust provides a wide range of services to individuals and corporate clients. As a trust bank, our services are not only limited to conventional commercial banking, but also encompass pension management, real estate brokerage, stock transfer agency and others. Our management strategy is to concentrate our resources on the most competitive businesses and to ensure a dominant position in those areas.

Our prime focuses are services for individuals and trust services, especially asset management and custodial services. We have terminated overseas banking operations and have liquidated our securities subsidiaries. These efforts have helped us become aleader among Japanese banks in investment trust sales and the No. 1 trust bank in housing loans.

Merger with Chuo Trust & Banking

To strengthen our competitiveness further and to become a trust bank unmatched in size and profitability amid intensifying competition, we have decided to merge with Chuo Trust & Banking Co., Ltd., on April 1, 2000. The new entity, called Chuo Mitsui Trust and Banking Company, Limited (CMTB), will strive to meet the expectations of both shareholders and customers by becoming a unique bank characterized by an extensive branch network and unequaled specialty in trust services.

Merger Objectives

1. *Enhancing Overall Franchise Value*
   The merger will greatly enhance the franchise value of the bank, especially in the corporate banking business, where client bases of two banks are rarely overlapped because of the different backgrounds of the two banks.
2. *Establishing a Dominant Position in Trust Services*
   In almost all aspects of the trust business, including asset management, custodial services and stock transfer agency services, combined trust assets rank No. 1 among trust banks. By making full use of the expertise of the two partners, the new bank willstr engthen competitiveness in each business area dramatically, and will also build asolid earnings base.
3. *Increasing Customer Convenience*
   A larger branch network, particularly in metropolitan areas, will enhance customer convenience greatly.
4. *Slashing Costs*
   Merging with another trust bank reduces costs extensively through integrating and eliminating overlapped branches, operations and computer systems.

Merger Overview

1. Merger type — Equal merger

2. New company name — The Chuo Mitsui Trust and Banking Company, Limited

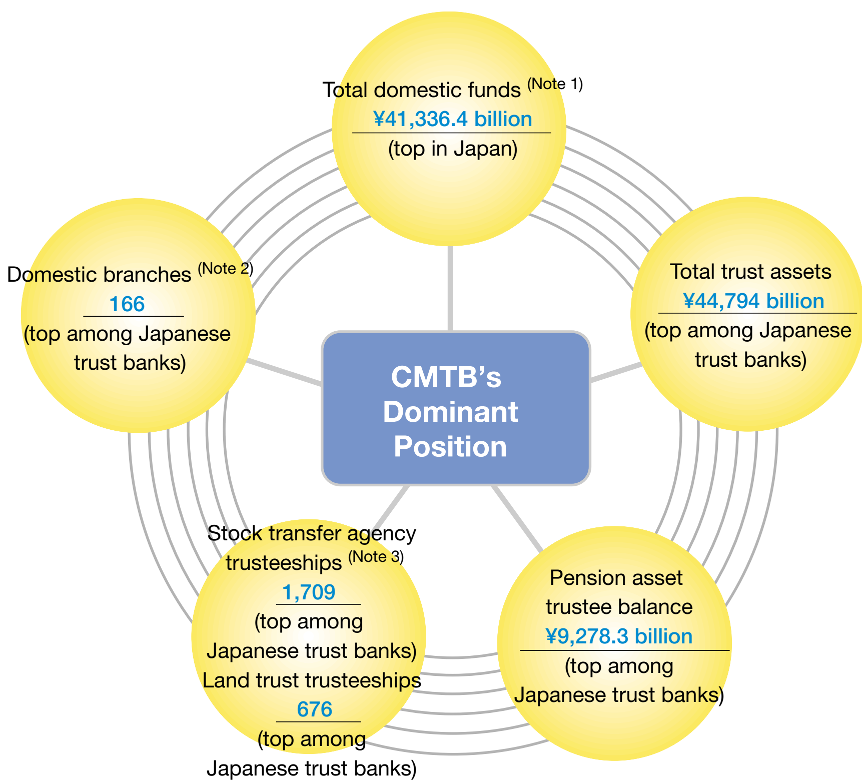
3. Merger date — April 1, 2000

4. Headquarters — 7-1, Kyobashi 1-chome, Chuo-ku, Tokyo
The new bank will relocate to the new address in late 2000 after the completion of a new headquarters currently under construction by Chuo Trust in Shiba 3-chome, Minato-ku, Tokyo

5. Merger ratio and preferred stock ratios

	Mitsui Trust	Chuo Trust
Merger ratio	0.3	1
Preferred stock ratio	0.21875	1

The exchange ratio will be three shares of Chuo Trust's common stock for 10 of Mitsui Trust. For preferred shares, seven shares of Chuo Trust's Series III preferred stock will be allotted against 32 of Mitsui Trust's Series I preferred stocks.



Figures represent the total for Mitsui Trust and Chuo Trust as of March 31, 1999.

Notes: 1. Excludes funds at overseas branches, negotiable deposits and offshore funds.
2. Excludes five in-store branches (131 branches after restructuring).
3. Figures represent those for domestic customers.

A New Vision for the 21st Century

- Individuals from 2.7 million households
  2,000 Financial planners
  4,000 Certified real estate dealers
- 166 Branches (131 after restructuring)
- In-store branches (currently five)
- Direct marketing channels

↓

Total management of individual assets

- Individual loans
- Asset management
- Custody and execution of wills
- Real estate intermediation and usage planning

↓

- Stronger corporate business foundations
  Mitsui Trust's foundation is in Mitsui Group; Chuo Trust does not belong to a major corporate group. CMTB will serve 11,000 corporate borrowers, compared with around 4,400 for Mitsui Trust.

↓

Reinforced corporate services

- Loans
- Corporate asset management
- Real estate intermediation and usage planning
- Stock transfer agency services

↓

- Secure top shares in all trust banking operations
- Exceptional human resources
  300 Certified securities analysts
  20 Actuaries
- An infrastructure that impedes new entrants

↓

Excellent trustee asset services

- Trust asset management
- Trust asset custodial services
- Pension trusts

↓

Target effective business profit five years after merger: ¥230 billion

Public Fund Injections and Financial Health Improvement Plan

In October 1998, the Japanese government implemented the Law Concerning Emergency Measures for Reconstructing Financial Functions and the Law Concerning Emergency Measures for Swiftly Restoring Health in Financial Functions.

The second law aims to rebuild the nation's financial services industry and stimulate the economy by providing measures to infuse public funds to financial institutions. Thefund injection is made to financially sound financial institutions by means of underwriting preferred stocks or subordinated bonds or through subordinated loans.

In March 1999, Mitsui Trust applied for public funds based on Article Seven of this law. After authorization from the Financial Reconstruction Commission, we issued ¥250.2 billion in preferred stocks and secured ¥150 billion in subordinated loans.

As we applied for public funds, we formulated a restructuring plan to restore financial soundness and presented it to the Financial Reconstruction Commission. This financial health improvement plan centers on restructuring business lines through our upcoming merger with Chuo Trust. We will strive to achieve the goal of the plan by providing individual and corporate clients with the best trust banking services and by cutting costsdrastically.

Earnings Prospects (Total for Mitsui Trust and Chuo Trust)

¥45 billion increase in effective gross operating profit*

¥43 billion decrease in costs*

Toward ¥230 billion in effective business profit by increasing ¥88 billion

* Comparison between fiscal 1999 (before merger) and fiscal 2004

(Billions of yen)

	Fiscal 1999	Fiscal 2004	Change	Main vehicles
Effective gross operating profit	¥352.0	¥397.1	¥45.1	
Interest income	¥228.2	¥233.8	¥5.6	Increase loans to individuals and to small and medium-sized companies
Fee earnings	¥95.8	¥134.2	¥38.4	Increase fees and other commissions in pension and investment trust business by combining resources
Costs	¥210.1	¥167.4	–¥42.7	Cut personnel costs by ¥13.7 billion and fixed overhead costs by ¥29.3 billion
Effective business profit	¥141.9	¥229.7	¥87.8	Toward ¥230 billion

Personal loans
Increase housing loans by combining the sales expertise of both banks and capitalizing on a larger branch network.

Lending plan
Even if the entire lending market expands minimally, we will try to increase the balance of personal loans by ¥200 billion annually through sales channel expansion.

Restructuring Plan (Total for Mitsui Trust and Chuo Trust)

(Billions of yen)

	Fiscal 1999	Fiscal 2004	Change	Main vehicles
Number of directors	50	24	–26	Introduce the functional director system
Number of employees	9,876*	8,300	–1,576	Personnel cuts at headquarters and overlapping branches
Number of domestic branches	166	131	–35	Integrate overlapping branches
Personnel costs	¥90.2	¥76.5	–¥13.7	Reduce employees and review salary standards
Overhead	¥112.6	¥83.3	–¥29.3	Cut systems and other costs
Total costs	¥210.1	¥167.4	–¥42.7	

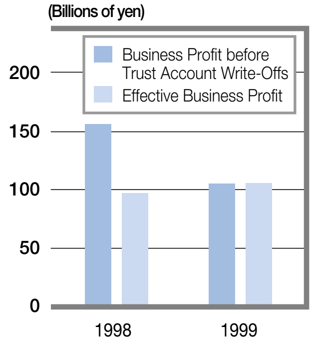
* As of March 31, 1999
Source: March 1999 Management Plan

Investment trust sales
Build a strong sales structure that features more customer-oriented products and a stronger branch network centered around investment trust centers.

Sales plan
Assuming that the investment trust market expands to ¥100 trillion in five years and that the managed balance has the market share comparable to the share of our deposits, our sales commissions will reach ¥15 billion by 2004.

Overview of Fiscal 1998 Results

Business Profit
For the years ended March 31
(Billions of yen)

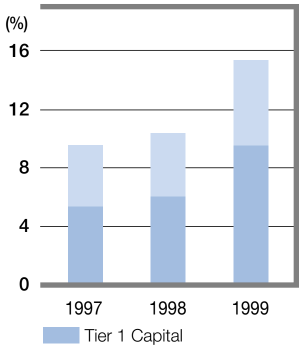


The measure used to compare trust bank earnings with those of other banks is business profit before trust account write-offs. In fiscal 1998, Mitsui Trust's business profit before these write-offs was ¥105.2 billion, ¥51.1 billion less than the previous period. This is mainly because we added ¥400 million to the general reserve for possible loan losses infiscal 1998, compar ed with a write-back of ¥59.1 billion a year earlier. The effective business profit, which eliminates general reserve-related expenses, improved 8.6%, to ¥105.7 billion.

After actively disposing of nonperforming assets and unrealized losses on marketable securities, we recorded loss before income taxes of ¥254.0 billion. The net loss was ¥144.0 billion, reflecting the adoption of tax-effect accounting in the year under review. The net loss per common share was ¥110.14. The year-end dividend on Series I preferred shares was ¥0.02 per share. The dividend on common stock was ¥2.50 per share, bringing the total for the term to ¥0.02 and ¥5.00, respectively.

CAPITAL ADEQUACY RATIO

Consolidated Capital Adequacy Ratio
As of March 31



In March 1999, we issued and allocated ¥27.4 billion in shares to a third party and received ¥400.2 billion in public funds. As a result, our consolidated capital adequacy ratio was 15.40% as of March 31, 1999, up from 10.40% a year earlier. The non-consolidated figure was 15.64%. Both figures were well above the 8% recommended bythe BIS and wer e among the best for Japanese banks. Our consolidated Tier I capital was 9.33%. Without the public funds, our consolidated capital adequacy ratio would stillbe high, at 10.27%. In October 1998, we decided to fully withdraw fr om the overseas banking business. Nonetheless, we plan to maintain our capital adequacy ratio at more than 10%.

DISPOSING OF NONPERFORMING LOANS

Quick disposal of nonperforming loans has been a key management issue for Japan's financial institutions. Mitsui Trust has worked intensively to reduce problem loans in various ways including bulk sales. In fiscal 1998, we sold claims whose book values totaled more than ¥265.8 billion to investors by bulk sales in order to avoid additional losses caused by the drop of real estate prices.

The provisions to the problem loans also improved. By following the Financial Inspection Manual from the Financial Supervisory Agency and the Provisioning Guideline from the Financial Reconstruction Commission, we applied our evaluation standard more rigorously to problem loans.

As a result, our allowance fully covered the portion that was not secured by collateral or guarantee for claims under bankruptcy and virtual bankruptcy in the banking account, and represented 73.0% of the unsecured claims under the high risk category in the banking account. Our total charge-offs against problem loans for the period reached ¥422.1 billion, of which ¥373.0 billion was for the banking account and ¥49.0 billion was for the trust account.

In line with the guidelines, we increased the coverage ratio for the claims under close observation to exceed 15.0%. The general reserve for possible loan losses included 15.7% of the unsecured claims under close observation in the banking account.

At the end of the term, we began to disclose information about claims under bankruptcy and virtual bankruptcy, claims under high risk and claims under close observation, in keeping with the Financial Reconstruction Law. Such claims totaled ¥768.8 billion, of which 81.4% are covered by collaterals, guarantees, allowances and reserves.

Risk managed assets, the conventional form of disclosure of nonperforming loans, totaled ¥762.1 billion. We broadened the definition of the non-accrual loans to include loans to possible bankruptcy whether or not such loans were actually in arrears. As a result, the figures of these two disclosures represent similar content, except that risk managed assets refer only to loans and do not include assets such as acceptances and guarantees.

We also started to disclose consolidated information regarding problem loans. Consolidated disclosed nonperforming assets as mandated by the Financial Reconstruction Law totaled ¥796.2 billion. The coverage for these claims through collaterals, guarantees, allowances and reserves was 81.9%. Consolidated risk managed assets were ¥26.5 billion higher than the non-consolidated amount, at ¥788.6 billion. The relevant subsidiaries fully covered these amounts with collaterals, guarantees, allowances and reserves.

Non-Consolidated Disclosure Based on the Financial Reconstruction Law

(As of March 31, 1999)

Millions of yen

	Disclosure amount (A)	Collectable amount by collaterals and guarantees (B)	Allowances and reserves (Trust account: Special reserve) (C)	Coverage ratio (%) (C/(A – B))	Coverage ratio (%) ((B + C)/A)
Claims under bankruptcy & virtual bankruptcy	¥202,439	¥104,211	—	—	—
Banking account	156,040	153,298	¥ 2,742	100.0%	100.0%
Trust account	46,399	40,913	—	—	—
Claims under high risk	415,468	195,810	—	—	—
Banking account	361,034	159,853	146,804	73.0	84.9
Trust account	54,434	35,957	—	—	—
Claims under close observation	150,977	38,137	—	—	—
Banking account	140,148	34,824	16,580	15.7	36.7
Trust account	10,829	3,313	—	—	—
Total	768,884	428,158	197,487	58.0	81.4
Banking account	657,222	347,975	166,126	53.7	78.2
Trust account	111,662	80,183	31,361	100.0	100.0

Note: For the claims under bankruptcy & virtual bankruptcy in the banking account, most of the unsecured assets were written-off from the balance sheet. The amount of the direct charge-off was ¥417,427 million.

Consolidated Disclosure Based on the Financial Reconstruction Law

(As of March 31, 1999)

Millions of yen

	Disclosure amount (A)	Collectable amount by collaterals and guarantees (B)	Allowances and reserves (Trust account: Special reserve) (C)	Coverage ratio (%) (C/(A – B))	Coverage ratio (%) ((B + C)/A)
Claims under bankruptcy & virtual bankruptcy	¥217,979	¥194,669	—	—	—
Banking account	171,580	153,756	¥ 17,824	100.0%	100.0%
Trust account	46,399	40,913	—	—	—
Claims under high risk	426,269	206,083	—	—	—
Banking account	371,835	170,126	147,332	73.0	85.4
Trust account	54,434	35,957	—	—	—
Claims under close observation	151,977	38,505	—	—	—
Banking account	141,148	35,192	16,580	15.6	36.7
Trust account	10,829	3,313	—	—	—
Total	796,225	439,257	213,097	59.7	81.9
Banking account	684,563	359,074	181,736	55.8	79.0
Trust account	111,662	80,183	31,361	100.0	100.0

Note: For the claims under bankruptcy & virtual bankruptcy in the banking account, most of the unsecured assets were written-off from the balance sheet. The amount of the direct charge-off was ¥417,427 million.

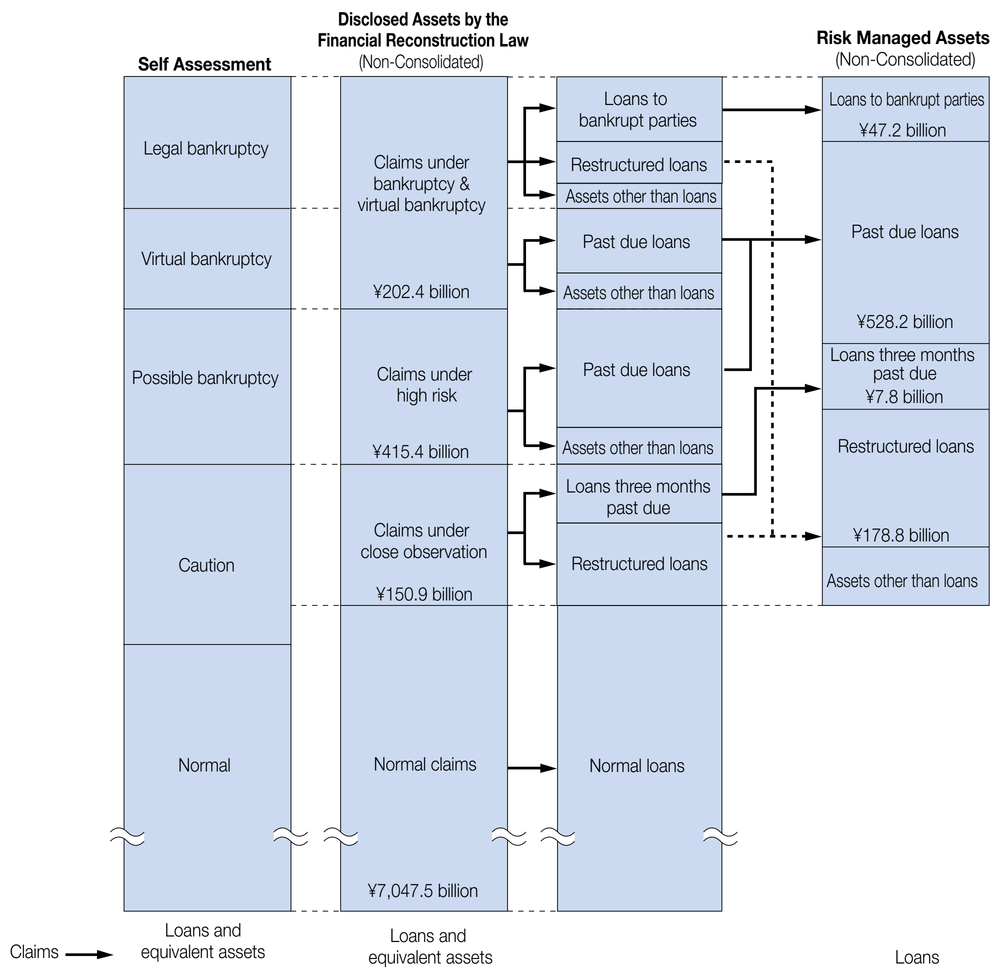
Risk Managed Assets

(As of March 31, 1999)

	Millions of yen	
	Non-Consolidated	Consolidated
Loans to bankrupt parties	¥ 47,233	¥ 58,782
Banking account	39,842	51,391
Trust account	7,391	7,391
Past due loans	528,296	542,081
Banking account	452,308	466,093
Trust account	75,988	75,988
Loans three months past due	7,802	7,827
Banking account	5,267	5,292
Trust account	2,535	2,535
Restructured loans	178,847	179,928
Banking account	153,290	154,371
Trust account	25,557	25,557
Total	762,180	788,618
Banking account	650,709	677,147
Trust account	111,471	111,471

Note: For the loans to bankrupt parties, past due loans and restructured loans in the banking account, some of unsecured assets were written-off from the balance sheet. The amount of the direct charge-off was ¥402,408 million on both non-consolidated and consolidated bases.

Relationship among Self Assessment, Disclosed Assets by the Financial Reconstruction Law and Risk Managed Assets



Self Assessment

Basic Principles of Self Assessment

Self assessment of asset quality is to evaluate a financial institution's own assets and to classify them according to the risk of default on loans or the recoverability of invested value.

Assets subject to self assessment include loans and equivalents (marketable securities, foreign currencies, accrued income, receivables, provisional payments equivalent to loans and acceptances and guarantees).

In principle, asset assessment of loans involves assigning credit ratings to debtors and classifying them accordingly.

Credit ratings are determined by such factors as the debtor's financial position, ratings from rating agencies, and information from credit analysis companies.

Under our current credit rating system, the ratings for domestic companies are divided into 11 ranks. Credit ratings and debtor categories are closely related to each other.

Debtor Categories

Debtors are classified as normal, caution, possible bankruptcy, virtual bankruptcy or legal bankruptcy. In each debtor category, assets are classified into normal credits, category II credits, category III credits or category IV credits by the easiness of collection.

1. Normal: This class includes debtors whose businesses are in good condition and whose financial position has no particular problems.
2. Caution: This class covers debtors with problematic lending conditions such as reduced or suspended interest payment, debtors whose repayments of interest or principal are in arrears, and debtors that necessitate special management because of poor and unstable financial performance.
3. Possible bankruptcy: This class includes debtors that are in financial difficulty and find it hard to implement management improvement plans. It is highly likely that such debtors will go bankrupt eventually.
4. Virtual bankruptcy: This class consists of debtors who face serious financial difficulties with no prospect of restructuring. While they have not failed legally, they are virtually insolvent.
5. Legal bankruptcy: This class consists of debtors that are legally bankrupt as evidenced by declaration of bankruptcy, liquidation, reorganization, composition, or a halt in the exchange of their promissory notes.

Asset Disclosure Based on the Financial Reconstruction Law

Asset Classification

1. Claims under bankruptcy & virtual bankruptcy: These are the sum of the claims classified as legal bankruptcy and the claims classified as virtual bankruptcy in self assessment of assets.
2. Claims under high risk: These are identical to the claims classified as possible bankruptcy in self assessment of assets.
3. Claims under close observation: These are the sum of the loans three months past due and restructured loans in the risk managed assets except for the loans that fall into claims under bankruptcy & virtual bankruptcy or claims under high risk.
4. Normal loans: These are the claims not classified as above.

Risk Managed Assets

Asset Classification

1. Loans to bankrupt parties: Of the loans on which interest income is not accrued because there is no prospect of repayment of principal or interest, loans to the debtors as covered by Paragraph 1 of Article 96 of the Enforcement Ordinance for the Corporation Tax Law are classified as loans to bankrupt parties.
2. Past due loans: Of the loans on which interest income is not accrued, loans except those to bankrupt parties or those to debtors for whom interest payment suspension is granted in order to assist reconstruction are classified as past due loans.
3. Loans three months past due: This class consists of accruing loans contractually past due three months or more.
4. Restructured loans: These are loans on which reduction or suspension of interest payments, extension of principal payments, concession and other agreements favorable to debtors are granted for the purpose of assisting the reconstruction. Loans to bankrupt parties, past due loans and loans three months past due are not included in this category even when loans are restructured.

Year 2000 Readiness

The Year 2000 Problem, or Y2K, is a global issue that will simultaneously and significantly affect businesses and societies. This issue will affect not just the operations of financial institutions but societies and economies overall through settlement systems and other areas. Y2K is thus an important management issue for the Bank, which is taking the following steps to mitigate risks.

Organization

Mitsui Trust acknowledged the Y2K problem, when it developed itssecond integrated online system commenced in 1977. Departments for computer systems planning and development spearheaded these efforts.

In September 1997, we formed a section to oversee Y2K activities to better reflect the importance of Y2K as a management issue. In 1998, we created the Committee of Year 2000 Issue, which is led by one of the Bank's directors. This committee covers the whole institution. The committee established the Year 2000 Master Plan and the Year 2000 Contingency Plan.

Compliance Status

In June 1999, we completed work on all responses based on our Year 2000 Master Plan. We are now addressing all potential problems through our Year 2000 Contingency Plan, which is based on the Year 2000 Master Plan.

As of August 1999, the status of our compliance efforts are as follows:

Internal Systems

We have finished testing all internal systems (including tests of external systems linked to ours, as well as other internal tests).

We encountered no anomalies in a bankwide rehearsal of core systems, conducted during a holiday period in May 1999.

We are currently preparing for a merger with Chuo Trust & Banking in April 2000, which will not directly affect our Y2K preparations because we will not integrate our systems until that date.

External Systems

We have been participating in tests of systems linked to Japan's Interbank Payment System and the Bank of Japan's Netting System and other settlement networks. All these tests ended successfully.

Data Exchange

We have completed tests with most clients with whom we exchange data on magnetic and other media. We plan similar tests for other customers with whom we have not been able to conduct checks to date because of their schedules.

Equipment and Facilities

We have finished checking all automated safe-deposit vaults, automated teller machines (ATMs), telephone systems, facsimile machines and other microprocessor-controlled equipment.

Tests have similarly ended on our operations centers and other facilities, including branches and headquarters.

Contingency Plans

We established our Year 2000 Contingency Plan in June 1999. This plan is designed to cover all potential problems and prevent service interruptions to customers and counterparties, even if some accidents may occur. This plan entails projecting possible problems that may arise in all aspects of operations and developing solutions. We are continuously reviewing and developing readiness actions along with contingency plans to mitigate and avoid as many Y2K-related risks as possible.

Y2K-Compliance Costs

The Y2K-compliance budget for the Mitsui Trust Group is ¥11.1 billion, of which ¥9.8 billion was spent as of June 1999. We will allocate additional funds, as necessary, to the preparations for Y2K compliance after July 1999.

Disclosure

We post updates regarding our Y2K-compliance efforts on our Web site—please visit (http://www.mitsuitrust.co.jp/)—and actively use other opportunities to disclose information on these endeavors.

Note: While we have taken all necessary steps to resolve all projected issues and minimize the impact of Y2K, we make no representation, warranty, obligations nor waive any rights regarding Y2K compliance. This summary is for information purposes only.

Individual Services

Mitsui Trust employs decades of expertise to offer top-quality products and services and provide comprehensive asset management assistance.

Savings and Asset Formation Products

We maintain a full range of trust products. Prominent among these are *Big*, loan trusts, *Hit* and *Super Hit*. We also provide large time deposits, *Super* time deposits, *Rhythm* andother commer cial banking products with diverse deposit terms and interest rate alternatives.

In December 1998, we started selling investment trusts that cover domestic and foreign bonds and equities. Our strong lineup includes offerings from Prudential–Mitsui Trust Investments.

We also provide three types of asset formation trusts (regular, pension and housing) for employees. We lead the industry in the contracts of these trusts.

We provide detailed consulting that takes into account the life plans, compositions of families and assets of each of our customers.

Helping Home Buyers

We provide an array of specialized services to help people find and finance their homes. We help customers realize their wish by offering an array of property information from Sanshin Realty Co., Ltd.'s database. Customers can choose either a fixed rate or floating rate for our housing loan products. Our asset balance of housing loans ranks No. 1 among trust banks.

Asset Management

An aging society and dramatic changes in the economic infrastructure have heightened awareness in Japan of the need to better manage assets.

Mitsui Trust helps customers formulate savings plans that combine deposit, trust and investment trust products that match their life plans. In addition to advice on financial products, we provide information on real estate. We also offer consultation on ways toef ficiently use real property through land trusts, make loans to clients and conduct brokerage business.

Inheritance Services

We create inheritance plans that comprehensively reflect financial, legal and tax considerations. We keep wills in custody and help in their execution.

Asset Consultants and Financial Planners

Our asset consultants and financial planners help customers select from a diverse range of financial products and services.

1. *Real Estate Consultation*
   Our asset consultants and financial planners are reliable professionals who provide the unique perspectives of a bank with real estate capabilities, helping people find new homes and use their land more efficiently.
2. *Assisting Life Planning*
   Our financial planners recommend the most appropriate approaches to prepare for such major expenses as weddings and education.
3. *Loan Consultation*
   Our financial planners cover all areas that should be considered when buying a home. Our total solutions range from funding and repayment plans to loan consultations and reborrowing. We also advise on the effective use of land, such as the management of rental buildings and apartments.
4. *Comprehensive Consultation*
   As individuals' assets diversify into such areas as real estate, securities and other financial products, legal and tax knowledge are essential to invest and manage these assets

properly. It is also important to understand economic and financial trends. Our asset consultants and financial planners comprehensively analyze and advise on these areas.

NEW PRODUCTS AND SERVICES

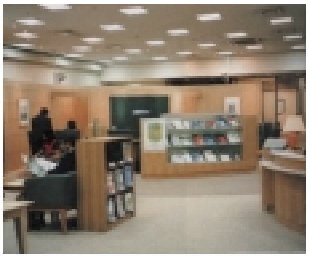
In-store branch (Ofuna)

In-Store Branches Established

In September 1998, Mitsui Trust became the first Japanese major bank to establish an in-store branch to provide free consulting on home loans, portfolio management and testamentary services. Called Consulplaza Hiyoshi, it is located within a major department store. We have since launched four similar in-store branches.

Investment Trust Sales Launched

In December 1998, the government lifted the ban on bank sales of investment trusts. Wer esponded by setting up consulting and sales desks at each of our branches. As of June 1999, branches offered 10 top-quality investment trust products, while our investment trust center offered 15, including several from joint venture Prudential–Mitsui Trust Investments. We have already secured a leading share in this market.



Shinjuku Nishiguchi Investment Trust Center

Investment Trust Center Opens

In December 1998, we became the first in Japan to set up an investment trust center. Located within our Shinjuku Nishiguchi Branch. The center offers free professional advice and runs seminars.

Home Loan Products Upgraded

In April 1999, we upgraded our large home loans. Customers can now choose from fixed and floating interest rates, interchangeably.

At year-end, loans to individuals were up 11.8% from a year earlier, at ¥1,374.8 billion. This was the best result among Japanese trust banks.

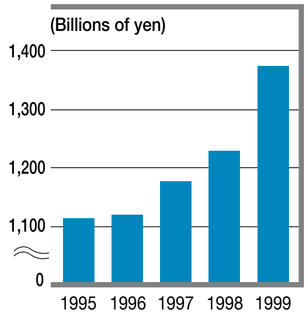
Sunday Consulting and Longer Service Hours

During the year, we took decisive steps to improve customer convenience by offering consulting on Sundays and by extending consultation service hours on weekdays by twohours, until 7:00 p.m. at selected branches.

Online Partnership with Post Offices Started

On March 29, 1999, we concluded an online partnership agreement with the Ministry of Posts and Telecommunications. As a result of this move, Mitsui Trust customers can now use 21,000 cash dispensers and ATMs at post offices around Japan. They can also use our ATMs to withdraw funds from postal savings accounts.

Balance of Individual Loans
As of March 31



Foreign Currency Time Deposits Introduced

All Mitsui Trust branches began offering foreign currency time deposits from November 1998. These accounts have become very popular among customers seeking to diversify their assets.

Telephone Banking Service Inaugurated

We launched our Telephone Banking Service on November 24, 1998. This service allows customers to make deposits, remit funds, check balances, receive advice, and conduct investment trust and foreign currency deposit transactions.

Benefits of Merger with Chuo Trust & Banking

Our merger with Chuo Trust & Banking is designed to create a bank offering incomparable convenience and expertise, providing top-quality products that match customer life plans, and becoming the bank of choice throughout people's lifetimes.

Getting Closer to Our Customers

As a result of the merger, our domestic network will increase from 55 to 166 branches. Complementing these facilities will be our in-store branches in major cities.

Sophisticated Consulting

The merger will combine the expertise of both banks. Customers will benefit from superior corporate pension fund and other asset management offerings, as well asfr om our capabilities in estate planning.

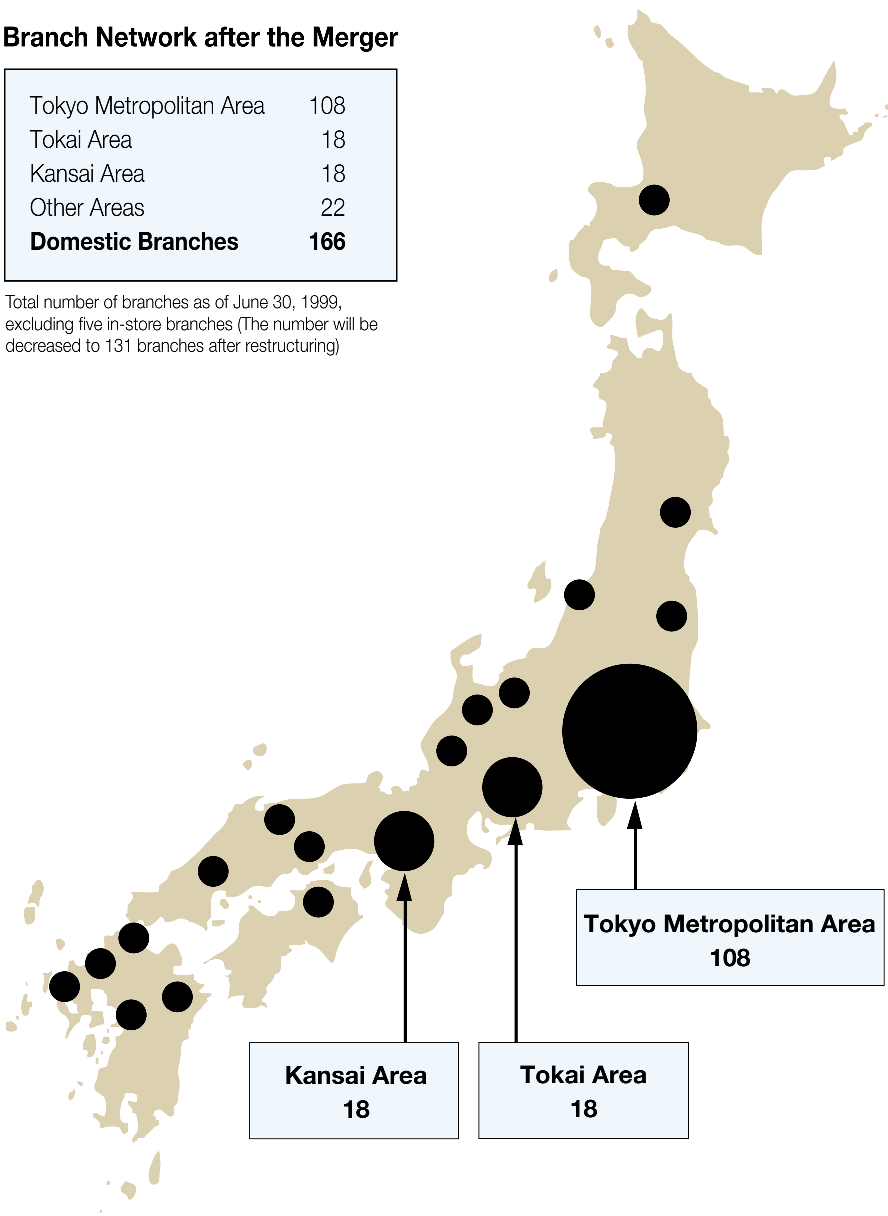
Emphasizing Personal Service

One of the chief advantages of the new bank is its personal touch. Roughly 4,000 employees are certified real estate dealers. We have 210 real estate appraisers and about 300 certified securities analysts.

Branch Network after the Merger

Tokyo Metropolitan Area	108
Tokai Area	18
Kansai Area	18
Other Areas	22
Domestic Branches	**166**

Total number of branches as of June 30, 1999, excluding five in-store branches (The number will be decreased to 131 branches after restructuring)



Corporate Services

Benefits of Merger with Chuo Trust & Banking
Our corporate borrowers will rocket 2.5-fold, to 11,000 companies, including 9,500 small and medium-sized enterprises. This larger customer base will dramatically enhance our information database. Larger databases, together with our greater know-how and our larger network will allow us to better meet the requirements of corporate customers.

Financial Services

Mitsui Trust offers customers a broad range of products that respond to the long-term fund procurement and asset management needs of corporate customers.

Fund Procurement

Loans, Bonds and Commercial Paper

We provide everything from plant and equipment and working capital funding to short-term loans, promissory note transactions, overdrafts, debt guarantees, marketable securities loans and impact loans. We manage domestic bond issues as a trustee and handle commercial paper issues.

Credit Securitization

We assist customers seeking to diversify their funding tools or trim their balance sheets by using monetary claim trust techniques to boost the liquidity of account receivables and bills. We use several new trust-based funding approaches. These include real estate management trusts and special purpose companies to securitize property.

Asset Management

Deposit Products

Our deposit products include high-liquidity offerings, as well as large time deposits, *Super* time deposits and foreign currency denominated deposits. For customers seeking slightly higher returns, we offer the *Stella* series: nine types of floating interest rate timedeposits that incorporate derivative capabilities. This series helps customers take advantage of interest rate trends while allowing them to limit risk to a reasonable level.

Trust Products

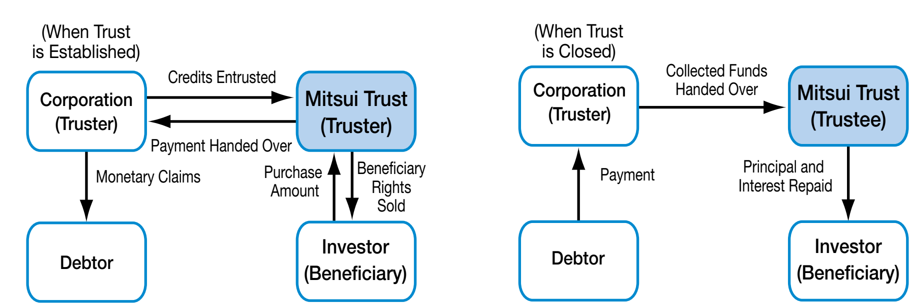
We provide a range of separately operated money trusts for securities investments. Among these are designated money trusts, specified money trusts, fund trusts and specified money in trust other than money trusts.

We also provide investors with beneficiary rights that are produced by securitized credit operations.

Investment Trusts

We were the first bank to establish an investment trust center after the government lifted the ban on bank transactions in these instruments in December 1998. As of June 1999, our branches offered 10 types of investment trust products, including money market funds, while our investment trust center handled 15. These products are designed for both individual and corporate customers.

Framework for Securitizing Monetary Claims Using Trust as a Vehicle



Risk Hedging

To help customers manage and control interest rate and foreign exchange risks, we supply them with timely information on interest rates and foreign exchange markets. Wealso maintain an array of schemes covering such derivatives as swaps, options and foreign exchange futures transactions.

Trust Asset Management and Custodial Services

Benefits of Merger with Chuo Trust & Banking
We will have the largest share of Japan's trust assets under management.

In trust asset management, we will have the industry's largest teams of quantitative and research analysts. Under powerful alliances with foreign asset management firms, we will optimize our capabilities in foreign currency denominated assets as well. Against this backdrop, we will be able to take full advantage of the synergies provided by the merger. In our custodial business, we will enhance the efficiency of our systems investments and bolster ourcustodial capabilities, thereby securing an even better reputation among our customers for reliability.

Our trust asset management services encompass pension trusts and separately managed designated money trusts. In trust asset custodial services, we handle specified money trusts and securities investment trusts in addition to pension trusts and designated money trusts. Allthese ar eas are core trust banking competencies.

Trust Asset Management

In May 1997, we established the Asset Management Division to consolidate our capabilities and resources in this area.

To strengthen our capabilities in passive management, where we enjoy a top reputation, we plan to form an alliance with State Street Bank and Trust Company of the United States.

In active management, we are endeavoring to boost excess returns through our corporate analysts group, which includes more than 15 equity analysts. Complementing their efforts is our investment technologies group, which focuses on quantitative analysis.

To build our global investment capabilities, we maintain an investment advisory contract with Scudder Investments Japan, Inc. For Asian and European equities, we have close ties with Indocam S.A. and Lazard Asset Management Limited, respectively. We also have investment professionals working in New York and London.

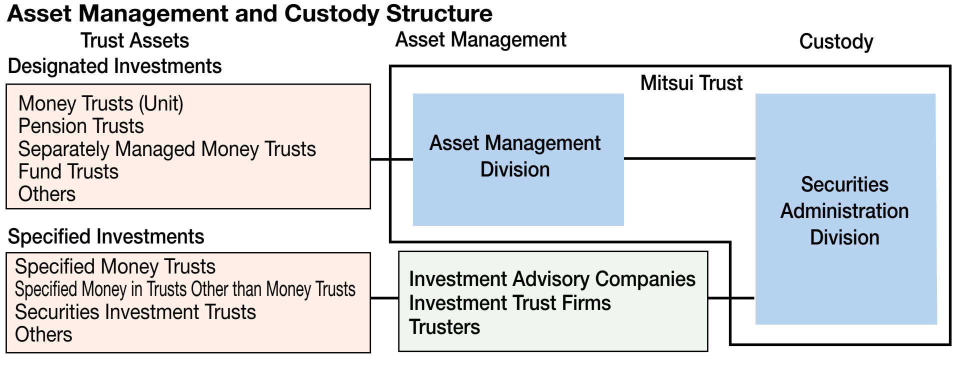
Trust Asset Custodial Services

In May 1996, we established the Securities Administration Division to integrate back office operations. We have formed several working groups and are endeavoring to strengthen our securities custody capabilities. To respond to swift liberalization and diversification, we have improved processing from contract tosettlement and ar e stepping up disclosure. Such efforts allowed us to adapt quickly to European monetary union.

To fully prepare for changes in the pension fund custody system toward a more integrated one with master trustee, we are planning to form an alliance with State Street Bank and Trust, whose expertise in this area is excellent.

To enhance the quality, reliability and transparency of our custodial services, we plan to introduce external auditing that complies with U.S. standards from fiscal 1999.

Asset Management and Custody Structure



Benefits of Merger with Chuo Trust & Banking
Our pension fund assets under management will surge almost 35%, to ¥9.3 trillion. We will manage 100 additional funds as a lead manager, bringing the total to 280. We will add six more pension actuaries, for a total of 21. We will thus be No. 1 in pension trusts in the trust banking industry. We will build on this foundation to reinforce our consulting and investment capabilities.

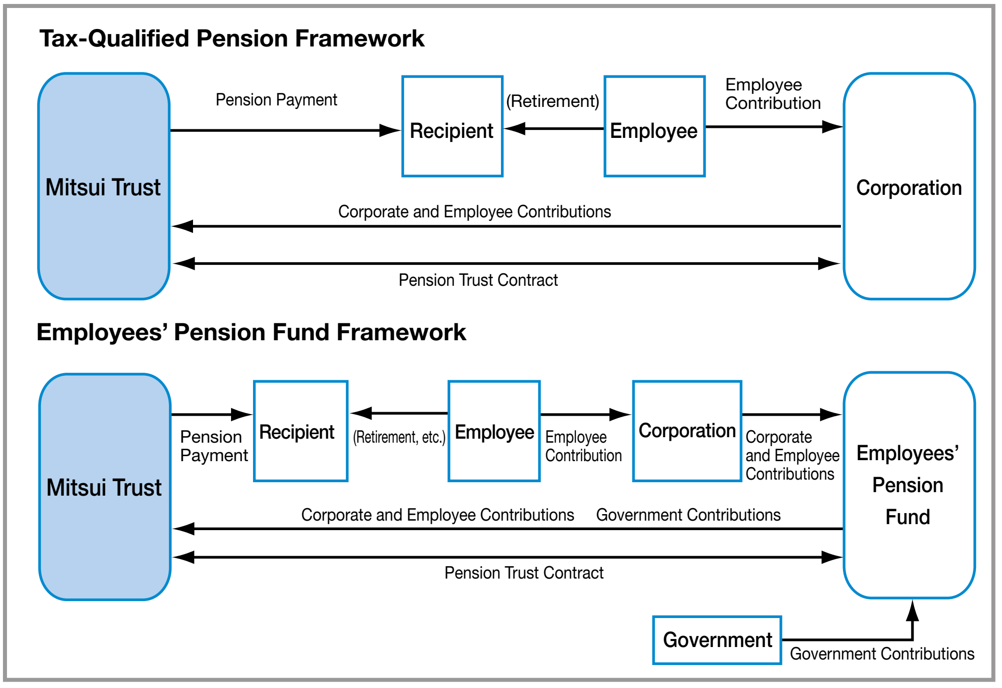
Pension Trusts

As JapanÕs society ages, corporate pension funds are becoming more important to supplement public schemes. Mitsui Trust has contributed significantly to the development of corporate pension schemes in Japan. As a result of these efforts, we have 6.9 trillion in pension trust funds under management.

Pension trusts are an important pillar of our asset management and custodial operations.

On the pension budgeting side, we employ many actuaries and consultants. We also harness state-of-the-art investment techniques to maintain a diversified investment portfolio centered on domestic and foreign marketable securities.

We constantly strive to remain a services leader. For example, we were quick to modify our actuarial system in response to the fiscal 2000 introduction of international accounting standards for corporate retirement and pension funds which will have a dramatic impact on customers' settlements and credit ratings. The new actuarial system boosted our ability to recompute projected benefit obligations to account for numerous variables.



While working on this system, we doubled our team of pension planning consultants to 14 people. These people report on simulations, analyze factors that may influence funds and formulate responses. We have earned an excellent reputation among corporate executives for providing swift assistance with pension funds—one of the most pressing issues facing management today.

In the defined contribution pension system, the Japanese version of the 401K, which has attracted attention as a technique for responding to the new accounting system, we have joined hands with other financial institutions in the Mitsui Group and such industry leaders as Nomura Securities Co., Ltd., and the Industrial Bank of Japan, Ltd., to offer higher-value-added, more competitive services.

Benefits of Merger with Chuo Trust & Banking

After the merger, 1,709 companies will use our agency services, representing 12,739,000 shareholders. This will give us a leading market share of more than 30%. We will also be able topr ovide more advanced information and consulting services. We plan to offer more opportunities for stock transfer agency services through our greater branch network, thereby dramatically enhancing convenience forshar eholders.

Stock Transfer Agency Services

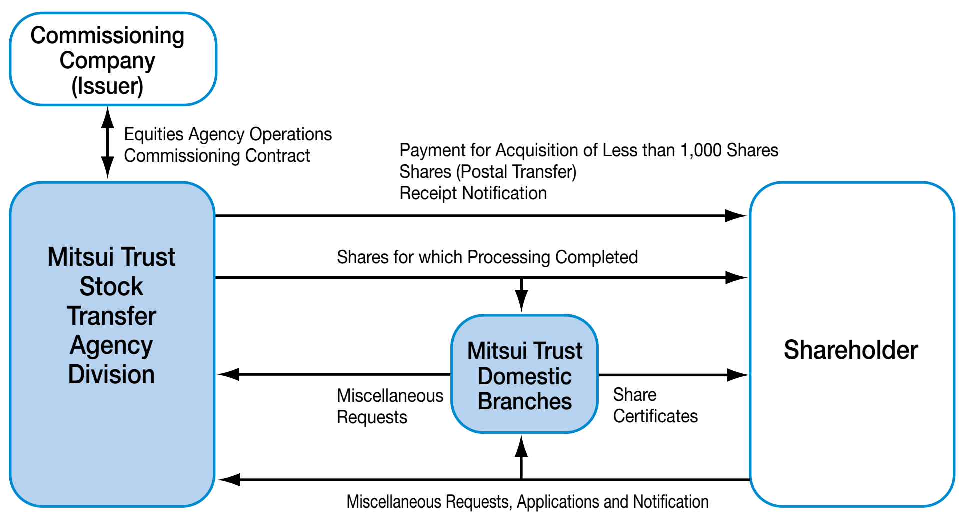
When listing on stock exchanges or registering with the Securities Dealers Association of Japan, corporations must appoint a trust bank or a designated stock transfer agency as a transfer agent. Based on the Commercial Law of Japan, a transfer agent manages the shareholder register and transfers stocks. Mitsui Trust started offering these services in 1958.

Stock transfer agency services require specialized knowledge and the ability to accurately process information. It is also important to respond flexibly to legaland tax structur e reforms. With more companies going public every year, this is a highly promising business area.

Our computer backup systems help us process data accurately and swiftly. We have boosted our consulting capabilities by uniting the talents of our in-house staff, legalandacademic advisors to assist with stock administration, shar eholders' meeting management, listings, and track foreign shareholders.

In fiscal 1998, the number of shareholders under our agency services rose 6.4%, to 3,455,000. At year-end, 447 clients employed our agency services, including 278 listed companies.

Stock Transfer Agency Transactions Framework



Real Estate Operations

These operations cover commercial property sales and lease intermediation, land trusts and consulting on efficient land use, real estate appraisal, consulting on investment and securitization, and sales tie-ups for apartments and houses.

We lead the trust banking industry with our teams of real estate professionals. We have 137 appraisers and approximately 2,000 certified real estate dealers, as well as lawyers, certified public accountants and architects.

In real estate intermediation, we have handled more large office buildings and redevelopment projects in recent years, despite the domestic recession. In fiscal 1998, we brokered the transaction of 1,699 properties, up 156, for a total of ¥193.0 billion, an increase of 26.3%. Our strength in real estate development is in large-scale commercial complexes. For example, we have started construction of a massive commercial complex in Osaka.

Real estate securitization has boomed since the implementation of the Special Purpose Company Law in September 1998. Securitization differs from corporate finance, which is

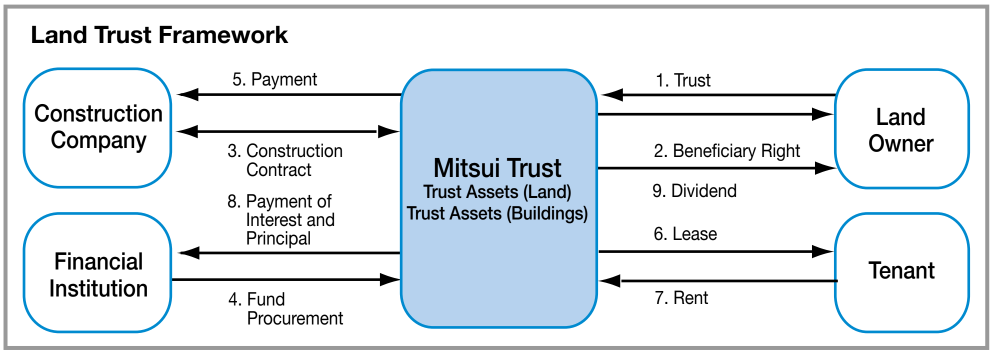
Benefits of Merger with Chuo Trust & Banking

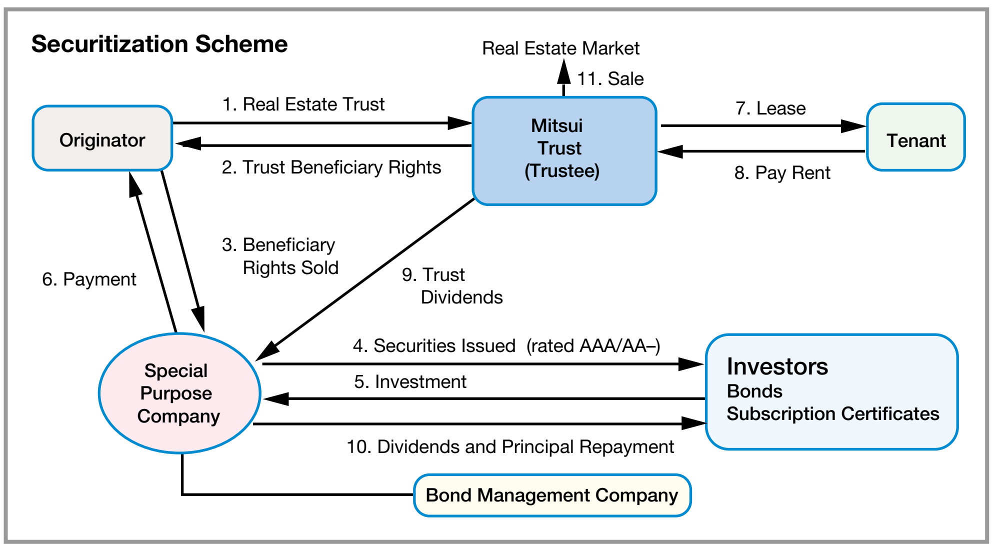
We signed a business accord with Chuo Trust & Banking on real estate operations in March 1999. Through this agreement, both partners will pool their information and expertise before the merger to help prepare for the emergence of the largest trust banking network in Japan.

The agreement extends to affiliate Sanshin Realty and Chushin Housing Services Co., Ltd., which is part of the Chuo Trust & Banking Group.

based on companies' credit ratings, in that the funds raised are asset-backed. Asa trust bank and institutional investor, we are positioned perfectly to handle securitization, which covers the real estate, securities and finance businesses.

We were quick to spot the opportunities offered by real estate securitization, and built a strong team of consultants for this business within the Real Estate Division. In a particularly noteworthy deal, in March 1999, we securitized a large shopping mall leased byleading supermarket chain Ito-Y okado Co., Ltd., the tenant, from Tokyu Land Corp., the originator, by forming a property management trust. Some of the bonds issued by a special purpose company were the first such instruments to be rated in Japan.





Welfare Support

We offer a full menu of services to look after employee welfare. These include housing finance, tie-up loans and financial consulting. One new way in which we supply these services is through customers' intranets, which are linked online with our consulting office. We use this medium to outline our financial products and provide advice.

Services through Our Overseas Network

Our overseas operations are helping us strengthen our trust banking capabilities. In London, Mitsui Trust International Ltd. heads our investment advisory services in Europe. InNew Y ork, we maintain Mitsui Trust Company (U.S.A.). These operations allows us topr ovide global asset management and custodial services.

Financial Review

Three-Year Non-Consolidated Financial Highlights

Years ended March 31, 1999, 1998 and 1997

	Billions of yen		
	1999	1998	1997
Total Income	**¥ 741.6**	¥ 871.4	¥ 1,059.3
Trust Fees	**90.9**	130.6	202.7
Net Interest Income	**60.5**	46.6	53.9
Net Fees and Commissions	**18.2**	19.1	20.0
Net Trading Gains (Losses)	**(0.9)**	(0.0)	—
Net Other Operating Income (Loss)	**11.3**	(12.3)	29.8
Net Other Income (Loss)	**(307.1)**	(50.1)	(111.3)
Transfer to General Reserve for Possible Loan Losses	**0.4**	(59.1)	32.0
General and Administrative Expenses	**127.0**	124.1	123.1
Income (Loss) before Income Taxes	**(254.0)**	9.5	12.3
Net Income (Loss)	**(144.0)**	7.5	11.1
Business Profit*	**56.2**	121.1	94.7
Business Profit before Trust Account Write-Offs*	**105.2**	156.4	84.6
Effective Business Profit*	**105.7**	97.2	116.6
Capital Stock	**383.4**	169.4	169.4
The Number of Common Shares Issued (Thousand of Shares)	**1,687,435**	1,198,296	1,198,296
The Number of Preferred Shares Issued (Thousand of Shares)	**715,000**	—	—
Total Shareholders' Equity	**749.5**	394.8	393.3
Total Assets	**9,438.1**	12,056.9	12,234.1
Deposits	**3,779.7**	4,327.4	4,157.5
Loans and Bills Discounted (Banking Account)	**4,688.7**	6,105.0	6,889.9
Investment Securities (Banking Account)	**3,240.4**	3,948.7	3,629.2
Trust Assets	**29,555.1**	31,007.3	33,092.4
Loans and Bills Discounted (Trust Account)	**3,118.8**	3,542.1	3,947.8
Securities (Trust Account)	**14,607.6**	13,913.9	13,369.1
Capital Ratio (Non-Consolidated)	**15.64%**	—	—
Payout Ratio	**—**	79.81%	53.71%
Number of Employees	**5,197**	5,603	5,807

* These accounting terms are defined on page 28.

Fiscal 1998 Non-Consolidated Performance

In fiscal 1998, ended March 31, 1999, Mitsui Trust continued to make its assets sounder, enhance management efficiency and reinforce its operating base.

The Bank bolstered its allowances for possible credit loss in line with the Financial Inspection Manual and the Guideline for Provisioning, thereby recorded losses of ¥422.1 billion in nonperforming loans and ¥95.0 billion in investment securities. As a result of these factors, the Bank registered a loss before income taxes of ¥254.0 billion.

Mitsui Trust switched to tax-effect accounting in the year under review, leading to a net loss of ¥144.0 billion, compared with net income of ¥7.5 billion a year earlier. The net loss per share was ¥110.14, down from net income per share of ¥6.26.

At the close of the term, deposits in the banking account were ¥3,779.7 billion, down 12.7% from a year earlier. The decrease in the deposits was largely attributed to the withdrawal from the overseas banking operations. Deposits in domestic operations rose ¥201.9 billion for this period.

Trust assets slipped 4.7%, to ¥29,555.1 billion, reflecting declines in loan trusts and securities investment trusts. Jointly operated designated money trusts with principal-guaranteed contracts and loan trusts, stood at ¥6,931.3 billion at the close of the term. Pension trusts gained 0.1%, to ¥4,335.8 billion.

Loans and bills discounted in the banking account were down 23.5%, to ¥4,668.7 billion, reflecting aggressive disposal of nonperforming assets and the change in the accounting treatment of the presentation of nonperforming assets. Loans and bills discounted in the trust account dropped 12.0%, to ¥3,118.8 billion.

Home and other loans to individuals in the banking and trust accounts gained 11.8%, to ¥1,374.8 billion.

Business Profit

This term measures the Bank's core earnings. Its calculation excludes charge-offs of nonperforming loans, gains or losses on sales of equity securities and other income and expenses not directly related to core earnings. In the case of trust banks, loan write-offs on trust accounts with principal-guaranteed contracts should be added back to business profit to allow comparisons with other banks. In fiscal 1998, Mitsui Trust's business profit before trust account write-offs was ¥105.2 billion. The effective business profit, adjusting for the change of the general reserve for possible loan losses, advanced 8.7%, to ¥105.7 billion.

Handling of Nonperforming Assets

Mitsui Trust has worked hard to eliminate nonperforming assets. Charge-offs during the period under review amounted to ¥422.1 billion, of which ¥373.0 billion was in the banking account and ¥49.0 billion was in the trust account. This amount, together with the transfer to general reserve for possible loan losses and the reserve for loans to restructuring countries, totaled ¥429.8 billion, enabling the Bank effectively to eliminate nonperforming assets.

In line with the Financial Reconstruction Law, we began in fiscal 1998 to disclose information about claims under bankruptcy & virtual bankruptcy, claims under high risk, and claims under close observation. Based on the guidelines for provisioning, reserves fully covered categories III and IV for claims under bankruptcy & virtual bankruptcy in the banking account, and represented 73.0% of category III for claims under high risk in the banking account. We increased the coverage ratio for the claims under close observation to exceed 15.0%. The general reserve for possible loan losses included 15.7% of the unsecured claims under close observation in the banking account.

As a result of these moves, the coverage ratio for claims under bankruptcy & virtual bankruptcy in the banking account was 100%. The coverage ratio for claims under high risk in the banking account was 84.9%. The total coverage ratio for the disclosed assets by the Financial Reconstruction Law was 81.4%.

Consolidated Performance

The operations of the Mitsui Trust Group include leasing, credit card, investment advisory and credit guarantee businesses in addition to trust banking services. We changed our consolidation scope from the application of the ownership concept to the control concept. This change of consolidation resulted in an increase in the number of consolidated subsidiaries to 24 companies, an increase of 13 companies over the previous fiscal year. Consolidated affiliates for which equity method was applied for the period were two, an increase of two companies.

At the close fiscal 1998, the balance of consolidated deposits was ¥3,777.8 billion, down 13.8%. This was due largely to the decision to withdraw from overseas banking operations.

Loans and bills discounted dropped 25.0%, to ¥4,624.8 billion, reflecting the write-offs of nonperforming assets and the adoption of new standards for presentation of nonperforming assets.

After disposing of nonperforming assets and unrealized losses on investment securities, we registered a consolidated loss before income taxes of ¥252.5 billion. The net loss was ¥176.3 billion. The net loss per share was ¥135.89.

Three-Year Consolidated Financial Highlights

Years ended March 31, 1999, 1998 and 1997

	Billions of yen		
	1999	1998	1997
Total Income	**¥ 789.4**	¥ 884.1	¥ 1,074.1
Income (Loss) before Income Taxes and Minority Interest	**(252.5)**	11.7	12.4
Net Income (Loss)	**(176.3)**	4.1	5.6
Total Shareholders' Equity	**736.7**	565.3	567.2
Total Assets	**9,521.1**	12,282.8	12,501.3
Capital Adequacy Ratio	**15.40%**	10.40%	9.56%

Capital Adequacy Ratio under BIS Guidelines (Consolidated)

Years ended March 31, 1999, 1998 and 1997

	Millions of yen		
	1999	1998	1997
Tier I			
Shareholders' Equity	**¥ 728,416**	¥ 562,399	¥ 564,284
Total Adjusted Tier I Capital	**728,416**	562,399	564,284
Tier II			
Unrealized Gain on Investment Securities, after 55% Discount	**—**	—	185,697
Surplus from Land Revaluation, after 55% Discount	**6,810**	6,840	—
Reserve for Possible Loan Losses, Excluding Specific Reserves	**51,464**	51,067	110,388
Other Items	**415,942**	352,092	148,000
Total Adjusted Tier II Capital	**474,216**	410,002	444,085
Tier II Capital Included as Qualifying Capital	**474,216**	410,002	444,085
Total Capital	**¥1,201,633**	¥ 972,402	¥ 1,008,370
Risk-Adjusted Assets			
On-Balance-Sheet Exposure	**¥6,878,948**	¥8,065,294	¥ 9,049,782
Off-Balance-Sheet Exposure	**905,196**	1,245,012	1,496,933
Market Risk-Related Exposure	**17,350**	31,812	—
Total	**¥7,801,494**	¥9,342,119	¥10,546,716
Ratio of Capital to Risk-Adjusted Assets	**15.40%**	10.40%	9.56%

How to Read the Financial Statements of Trust Banks

Trust Account and Banking Account

Trust banks keep two types of account: the banking account, which is the institution's own; and the trust account, which is the account of beneficiaries. We have a number of trust accounts, reflecting the fact that we must separately administer the assets of each trust contract. In principle, details of individual accounts are disclosed only to trustors or beneficiaries. Nevertheless, the total balances of money and pension trusts are recorded in the trust account's aggregate balance sheet. The main assets and liabilities of the trust account with principal guarantee agreement are also disclosed.

Although trust assets nominally belong to trust banks, in fact they belong to the beneficiaries. The institutions therefore receive trust fees for managing these accounts. After deductions for fees and expenses, the profits generated with these accounts all become trust assets.

Trust fees represent one source of income in the banking account. In other words, the banking account income statement reflects both earnings from banking operations and from trust operations.

The Concept of Business Profit *(Gyomu Jun-Eki)*

To calculate core profits—excluding items outside core operations, such as stock earnings and losses and write-offs of nonperforming assets—we calculate the business profit by selecting only those items that express the earnings from core operations from within the income statement.

Business profit is calculated by subtracting the general and administrative expenses and the transfer to the general reserve for possible loan losses from gross business profit. Gross business profit comprises:

- Net interest income (such as from deposits, loans and marketable securities);
- Net fees and commissions (trust fees, and fees and commissions);
- Net trading gains (earnings from trading purpose transactions); and
- Net other operating income (such as earnings from foreign exchange and bond trading).

Business Profit at Trust Banks

In addition to business profit, trust banks disclose business profit before write-offs from the trust account. With trust banks, the business profit calculated according to the formula mentioned above does not adequately reflect the profitability of core operations. Trust fees, which are part of business profit, are calculated after subtracting loan write-offs in the trust account. Therefore, business profit is smaller than a trust bank's actual profitability in core operations.

To adjust for this difference and more accurately reflect the profitability of core operations, trust banks calculate business profit before trust account write-offs. This allows a comparison with other banks according to business profit.

The effective business profit is calculated by adding back the transfer to general reserve for possible loan losses from business profit before trust account write-offs. The purpose of this calculation is to show the trend of a bank's earning power by eliminating all credit costs including transfers to general reserves.

The Relationship between Ordinary Income and Business Profit

Gross Ordinary Income (A)	Ordinary Expenses (B)
Trust Fees ①	Interest Expenses ②
Interest Income ①	Fees and Commissions ②
Fees and Commissions ①	Trading Losses ②
Trading Gains ①	Other Operating Expenses ②
Other Operating Income ①	General and Administrative Expenses
Other Income	Other Expenses

Ordinary Income
This is calculated by deducting ordinary expenses (B) from gross ordinary income (A).
Gross Business Profit
The amount remaining after subtracting the highlighted areas in box ② from those in box ① is nearly equal to gross business profit.
Business Profit
This results from subtracting general and administrative expenses and the transfer to general reserve for possible loan losses from gross business profit. The transfer to general reserve for possible loan losses is part of other expenses.

Note: General and administrative expenses in the calculation of ordinary income include retirement payments and transfers and reimbursements to retirement reserves. The general and administrative expenses in the calculation of business profit only include the transfer to retirement reserves.

Sample Calculation of Business Profit before Trust Account Write-Offs

Business profits other than for trust fees	Trust fees before loan write-offs	
Business profits other than for trust fees (A)	Trust fees (B)	Loan write-offs in the trust account (C)
150	70	30

Business profit (A + B)
220

Business profit before trust account write-offs (A + B + C)
250

Risk Management at Mitsui Trust

Basic Risk Management Policies
The deregulation and globalization of Japanese finance in line with the nation's Big Bang are creating many new business opportunities for financial institutions. Such developments are also making risks faced by banks more complex. It is crucial for banks to secure a sound business by acting responsibly.

Directors must therefore fully understand the nature of risks and build the Bank's organizational structure to provide enhanced risk management. The real challenge is not minimization of risks but control and administration of risks to improve the Bank's performance.

It has long been a top priority at Mitsui Trust to manage risks effectively and ensure soundness. Under the leadership of the Board of Directors, we are endeavoring to reinforce our internal control system including consolidated risk recognition and assessment.

Overall Risk Management Structure
The Board of Directors formed our Risk Management Regulation, which determine risk recognition, risk assessment and the organizational structure and responsibility to control risks. Specific rules cover each of these areas.

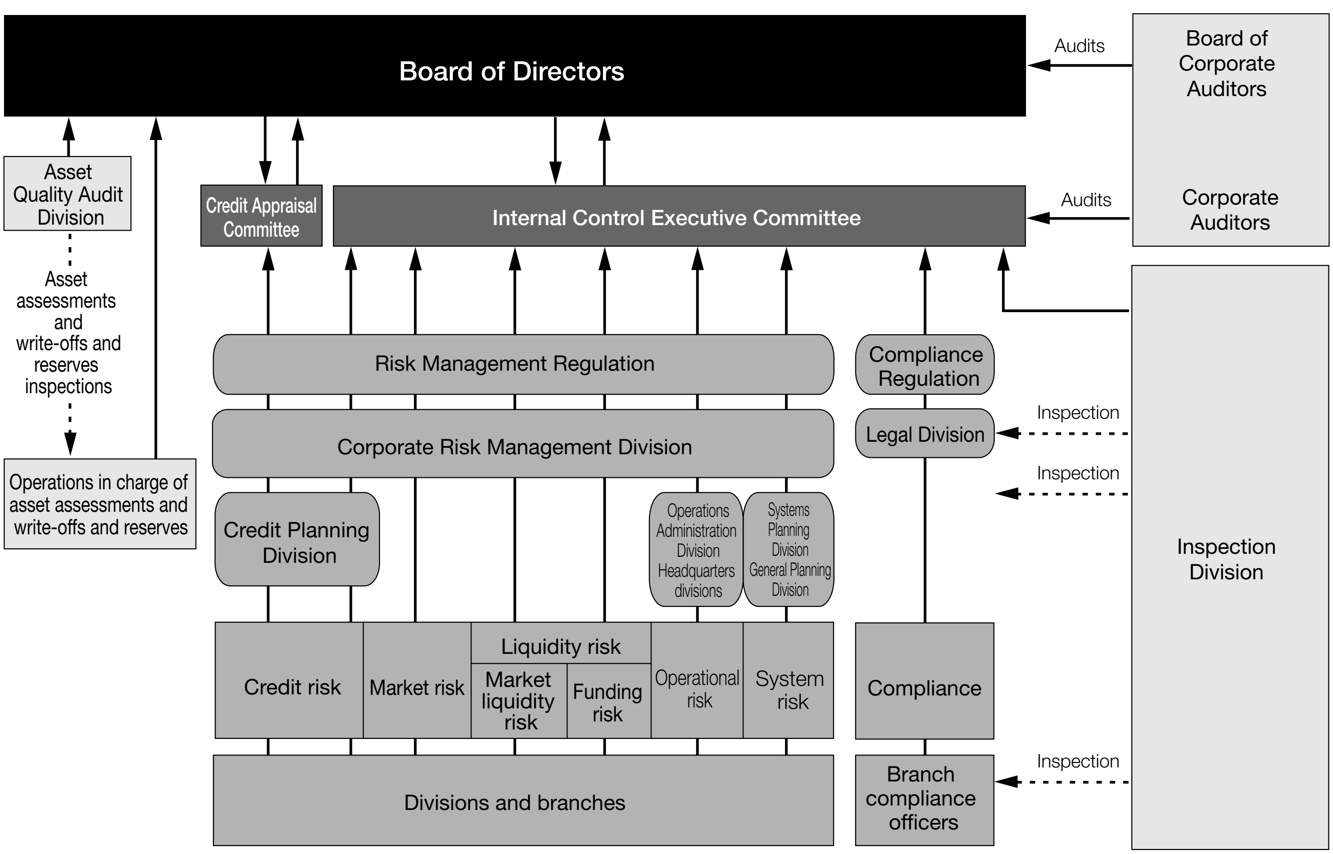
We recognize market, liquidity and credit risks as measurable risks and operational and systems risks as non-measurable.

We control measurable risks by clarifying risk assessment methods and establishing limits. We monitor and report on the usage of these limits and return on the risks. We have implemented preventive policies to cover non-measurable risks.

To date, board-appointed bodies have managed risks. The Executive Committee handled market and liquidity risks. The Credit Appraisal Committee supervised credit risk. The Internal Administrative Committee covered operational and other risks. In June 1999, we formed a new executive committee to comprehensively strengthen risk management by absorbing the Internal Administrative Committee to form the Internal Control Executive Committee. This new body debates risk management policies, allocates resources to the risk limits framework and ensures sound management.

In July 1999, we reinforced overall risk management by creating the Corporate Risk Management Division, which took over internal administration from the General Planning Division and consolidates risk management. The new division absorbed the function of the Market Risk Management Division as a middle office of market risk and liquidity risk. It helps the Board of Directors oversee risk management by integrating such management and building a specific risk management organization.

Overview of Risk Management Structure



Market Risk Management Structure
Market risk is that of suffering asset value losses following fluctuations in such factors as interest rates, marketable securities prices and foreign exchange rates.

To control such risks, the Corporate Risk Management Division, which operates independently from front office businesses, measures and monitors market risks daily. It reports daily to management and submits a monthly report to the Internal Control Executive Committee.

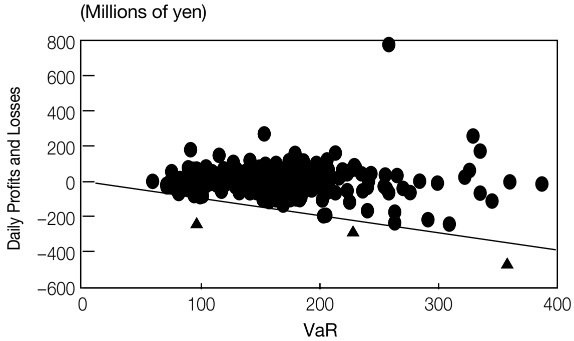
We use the Value at Risk (VaR) technique to measure market risks. VaR statistically projects maximum potential losses when a market moves unfavorably.

We operate strictly within the VaR limits that we set to safeguard management and meet our profit objectives. One drawback with VaR is that it does not indicate a position's direction. We therefore support it with sensitivity limits including Basis Point Value Limit and Vega Limit that reflect operational and product attributes. We also use Alarm Point and Loss Limit frameworks to control unexpected losses from market transactions.

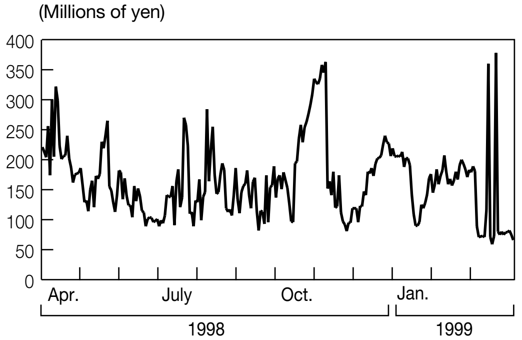
To verify our VaR, we back-test daily to compare actual performance with our VaR. In fiscal 1998, our consolidated trading transaction VaR was ¥100 million to ¥400 million (a holding period of one day with a one-tailed confidence level of 99%). We exceeded our VaR on just three of 247 business days during that period, or 1.2% of the total. This result was very close to our VaR, highlighting this model's accuracy as a market risk management tool. Market movements sometimes deviate from historical patterns, so we perform daily stress tests.

We will continue to boost our risk management capabilities in the years ahead.

Comparison of VaR and Daily Profits and Losses
(Millions of yen)



Var Trends
(Millions of yen)



VaR calculation assumptions
Holding period: One day
Confidence level: One-tailed, 99%
Observed period: Three years
Measurement technique: Monte Carlo simulation

Activities covered by VaR
Mitsui Trust's consolidated trading transactions

Coverage period
April 1998 to March 1999 (247 working days)

Basic results
Above VaR: Three times
Maximum: ¥378 million
Minimum: ¥59 million
Average: ¥164 million

Credit Risk Management Structure
We are strengthening our credit risk management to minimize credit losses and ensure a sound asset portfolio.

Clear Basic Policies
We established our Credit Risk Management Regulations to comprehensively control such areas as loans and market and off-balance-sheet transactions. The Credit Planning Division works closely with credit related divisions to manage overall credit risk, including that for consolidated Group businesses.

Strict Supervision
Loan Supervision divisions I and II, which are independent from the business promotion sector, rigorously evaluate and supervise credit for each transaction from a number of perspectives. These include purpose of fund, ability to repay, cash flow, security and earnings. The Credit Appraisal Committee, a management-level organization for credit control, examines and decides on major loan requests.

Mid-Level Assessment by Asset Assessment and Credit Ratings
Based on our Asset Assessment Regulations, branches conduct primary assessments following secondary appraisals by our Loan Supervision divisions. Such assessments allow us to generate correct financial statements and more accurately identify borrower problems. The Loan Supervision Division III oversees problematic borrowers in line with our Problem Loan Rules.

We have introduced a 12-stage credit rating system that includes asset assessments for all corporate borrowers and allows us to perform detailed checks. We quantify these ratings with an internal credit risk model. We use Monte Carlo simulations and other tools to analyze portfolios. We will unify our credit risk management standards with those of Chuo Trust & Banking immediately after the merger while drawing on a far greater borrower database to further enhance our credit risk management capabilities.

An Independent Checks and Balances Structure
In June 1999, we set up the Asset Quality Audit Division, which independently oversees credit management, asset assessments and write-offs and reserves. This division audits our credit rating and other aspects of credit control. It also superintends asset assessment processes and results and determines the suitability of our write-offs and reserves. The division reports to the board.

Enhancing Supervisory Capabilities
We have instituted a multistage regular training system for branch loan officers to improve primary daily supervision. In addition, we hold seminars for credit related divisions to analyze the cause of bankruptcies and other bad loans.

Liquidity Risk Management Structure
There are two types of liquidity risk. One is funding-related: a financial position can deteriorate and hamper financing, forcing an institution to borrow at high interest rates and suffer losses. The second is a market liquidity risk, whereby market turmoil makes transactions impossible.

To control funding risk, the Treasury Division manages yen and foreign currency financing for all our operations.

The Corporate Risk Management Division monitors adherence to guidelines and reports to the Internal Control Executive Committee.

Our specific funding risk approach is to use position guidelines for limits controlling surpluses and shortfalls in core yen funds, excluding retail and other market-based finance. We use gap guidelines to limit the yen and foreign currency funds needed in the marketplace. We review the guidelines as needed in line with funding conditions and always maintain a minimum level of reserves for all contingencies.

To control market liquidity risk, we have formulated guidelines that limit balances by product on a global market basis. Here, too, all activities are monitored and reported.

Other Risk Management
Other risks faced by financial institutions include operational and systems risks. We have taken proactive steps to avoid such risks. For example, we have established operational procedures and manuals and maintain a process to check daily activities.

We are building a structure that addresses such system risks as losses from computer crashes, misoperation, system inadequacies and illegal usage while safeguarding all our information assets.

We address the risk associated with our responsibilities as a trustee—a risk unique to the trust banking industry—through various regulations and principles to assist with trust management.

Auditing System
Mitsui Trust aims to strengthen its auditing structure to ensure appropriate internal control. Specifically, we run an internal system that annually audits branches and divisions. Each branch also conducts its own audits. Systems operations audit themselves twice annually and also undergo annual audits from the Inspection Division.

The Board of Directors and the Internal Control Executive Committee receive periodical audit reports.

Asset–Liability Management Structure and Administration
The asset and liability structures of financial institutions are changing in line with the liberalization, internationalization, diversification and increasing sophistication of finance. Interest rate, foreign exchange and stock fluctuation and other risks are exerting more complex influences on the profitability of financial institutions. It is crucial for institutions to properly control these risks and stabilize and expand their income.

We exhaustively manage assets and liabilities through the Internal Control Executive Committee, which reports on Groupwide risks and formulates interest rate risk management policies.

We formulated a loss restriction framework for front office operations that reflects our capital strength and business strategies. The goal is to allocate resources more efficiently and thereby streamline risk management.

Our ALM system is crucial to identify and analyze both on-balance-sheet activities, such as deposits and marketable securities transactions, as well as areas off the balance sheets, notably swaps. We draw on ALM support systems and an array of tools to measure and evaluate risks. These include VaR, Basis Point Value, maturity ladders and periodical profit and loss simulations. We combine such analysis with financial and economic environment factors. Where necessary, we review investment and procurement plans and undertake swaps and other market transactions.

Compliance System
Through deposits, settlements and intermediary functions, financial institutions have a mission to contribute to the progress of the economy and society. We recognize that our responsibility to the public is important.

At the same time, rapid deregulation has made the management of financial institutions far more challenging. Under these circumstances, financial institutions have to take on this mission and the following responsibilities. Trust from customers and society is crucial to fulfill the mission and responsibility. Compliance is important to maintain the trust of customers.

Financial institutions must be managed soundly based on compliance to laws and regulations and ethical standards to protect the institution's reputation with customers and market participants. At Mitsui Trust, compliance is a basic rule of our management and central to all aspects of our operations.

In line with this commitment, in May 1998 we formulated a code of ethics and established the Legal Division to enhance the checking function of compliance. In establishing a compliance system, we made Compliance Regulation and published a Compliance Manual which is a guide of legal and ethical compliance for all employees and directors. We formulated our compliance program, which is an action program to enhance our legal risk management structure including training in compliance issues.

Non-Consolidated Financial Statements (Banking Account)

The Mitsui Trust and Banking Company, Limited

Non-Consolidated Balance Sheets

As of March 31, 1999 and 1998

		Millions of yen		Thousands of U.S. dollars (Note 1)
		1999	1998	**1999**
Assets	Cash and Due from Banks	**¥ 543,404**	¥ 699,647	**$ 4,507,708**
	Call Loans and Bills Bought	**130,500**	575,260	**1,082,538**
	Trading Assets	**23,909**	14,275	**198,339**
	Investment Securities (Notes 3 and 28)	**3,240,464**	3,948,742	**26,880,671**
	Money Held in Trust	**103,518**	81,256	**858,716**
	Loans and Bills Discounted (Note 4)	**4,668,738**	6,105,012	**38,728,647**
	Foreign Exchanges (Note 5)	**2,544**	15,838	**21,104**
	Other Assets (Note 6)	**215,891**	291,071	**1,790,885**
	Premises and Equipment (Note 7)	**123,021**	123,502	**1,020,497**
	Deferred Tax Assets (Note 25)	**243,561**	—	**2,020,421**
	Customers' Liabilities for Acceptances and Guarantees (Note 8)	**142,612**	202,319	**1,183,019**
	Total Assets	**¥9,438,166**	¥12,056,927	**$78,292,549**
Liabilities	Deposits (Note 9)	**¥3,779,748**	¥ 4,327,427	**$31,354,200**
	Call Money	**53,512**	264,030	**443,899**
	Bills Sold	**—**	95,200	**—**
	Trading Liabilities	**20,695**	7,806	**171,675**
	Borrowed Money (Note 10)	**355,253**	224,017	**2,946,937**
	Foreign Exchanges (Note 5)	**5,847**	395	**48,506**
	Subordinated Bonds	**100,000**	100,000	**829,531**
	Convertible Bonds (Note 11)	**17,435**	143,051	**144,636**
	Payable to Trust Account	**3,736,852**	4,945,256	**30,998,363**
	Other Liabilities (Note 12)	**237,401**	716,931	**1,969,318**
	Reserve for Possible Loan Losses	**208,150**	597,643	**1,726,676**
	Reserve for Retirement Allowances	**14,801**	17,632	**122,783**
	Reserve for Possible Losses on Collateralized Real Estate Loans Sold to CCPC	**8,540**	5,172	**70,845**
	Reserve for Possible Investment Losses	**1,382**	—	**11,465**
	Other Reserves	**—**	0	**—**
	Deferred Tax Liabilities for Land Revaluation Excess	**6,364**	—	**52,792**
	Acceptances and Guarantees (Note 8)	**142,612**	202,319	**1,183,019**
	Land Revaluation Reserve	**—**	15,200	**—**
	Total Liabilities	**8,688,599**	11,662,087	**72,074,653**
Shareholders' Equity	Capital Stock (Note 14)	**383,430**	169,483	**3,180,676**
	Capital Surplus (Note 14)	**272,494**	122,897	**2,260,426**
	Legal Reserve (Note 15)	**33,313**	32,114	**276,345**
	Land Revaluation Reserve (Note 2 h)	**8,770**	—	**72,754**
	Earned Surplus (Note 16)	**51,558**	70,344	**427,692**
	Total Shareholders' Equity	**749,567**	394,840	**6,217,895**
	Total Liabilities and Shareholders' Equity	**¥9,438,166**	¥12,056,927	**$78,292,549**

See Notes to Non-Consolidated Financial Statements (Banking Account).

Non-Consolidated Statements of Operations

Years ended March 31, 1999 and 1998

		Millions of yen		Thousands of U.S. dollars (Note 1)
		1999	1998	**1999**
Income	Interest Income:			
	Interest on Loans and Bills Discounted	**¥ 132,883**	¥165,768	**$ 1,102,308**
	Interest and Dividends on Securities	**112,541**	120,376	**933,564**
	Interest on Call Loans and Bills Bought	**685**	558	**5,687**
	Other Interest Income (Note 17)	**166,197**	204,085	**1,378,663**
	Trust Fees (Note 18)	**90,966**	130,608	**754,593**
	Fees and Commissions	**22,817**	24,212	**189,274**
	Trading Gains	**95**	113	**791**
	Other Operating Income (Note 19)	**41,301**	22,239	**342,610**
	Other Income (Note 20)	**174,158**	203,527	**1,444,703**
	Total Income	**741,647**	871,489	**6,152,197**
Expenses	Interest Expense:			
	Interest on Deposits	**¥ 62,069**	¥127,350	**$ 514,884**
	Interest on Borrowings and Bills Sold	**10,832**	17,250	**89,856**
	Other Interest Expense (Note 21)	**278,818**	299,578	**2,312,883**
	Fees and Commissions	**4,612**	5,062	**38,261**
	Trading Losses	**1,014**	175	**8,412**
	Other Operating Expenses (Note 22)	**29,990**	34,608	**248,776**
	General and Administrative Expenses (Note 23)	**127,023**	124,198	**1,053,703**
	Other Expenses (Note 24)	**481,317**	253,707	**3,992,675**
	Total Expenses	**995,677**	861,932	**8,259,454**
	Income (Loss) before Income Taxes	**(254,029)**	9,557	**(2,107,256)**
	Income Taxes (Note 25):			
	Current	**1,128**	2,051	**9,357**
	Deferred	**(111,135)**	—	**(921,906)**
	Net Income (Loss)	**¥(144,021)**	¥ 7,506	**$(1,194,707)**

	Yen		U.S. dollars (Note 1)
	1999	1998	**1999**
Net Income (Loss) per Share (Note 2 q)	**¥(110.14)**	¥6.26	**$(0.91)**
Diluted Net Income per Share (Note 2 q)	**—**	5.95	**—**

See Notes to Non-Consolidated Financial Statements (Banking Account).

Non-Consolidated Statements of Shareholders' Equity
Years ended March 31, 1999 and 1998

	Thousands		Millions of yen					
			Capital Stock					
	Outstanding Number of Shares of Common Stock	Outstanding Number of Shares of Preferred Stock	Common Stock	Preferred Stock	Capital Surplus	Legal Reserve	Land Revaluation Reserve	Earned Surplus
Balance, April 1, 1997	1,198,296		¥169,483		¥122,897	¥30,915		¥ 70,028
Net Income								7,506
Cash Dividends, ¥5.0 per Share								(5,991)
Transfer to Legal Reserve						1,199		(1,199)
Balance, March 31, 1998	1,198,296		169,483		122,897	32,114		70,344
Net Loss								(144,021)
Cash Dividends, ¥5.0 per Share								(5,991)
Transfer to Legal Reserve						1,199		(1,199)
Land Revaluation Reserve							¥8,770	
Adjustment of Earned Surplus for Newly Applied Accounting for Tax Allocation								132,426
Conversion of Convertible Bonds	259,984		42,897		42,897			
Issuance of Common Stock	229,154		13,749		13,749			
Issuance of Preferred Stock		715,000		¥157,300	92,950			
Balance, March 31, 1999	**1,687,435**	**715,000**	**¥226,130**	**¥157,300**	**¥272,494**	**¥33,313**	**¥8,770**	**¥ 51,558**

	Thousands of U.S. dollars					
	Capital Stock					
	Common Stock	Preferred Stock	Capital Surplus	Legal Reserve	Land Revaluation Reserve	Earned Surplus
Balance, March 31, 1998	$1,405,921		$1,019,475	$266,398		$ 583,532
Net Loss						(1,194,707)
Cash Dividends, ¥5.0 per Share						(49,701)
Transfer to Legal Reserve				9,947		(9,947)
Land Revaluation Reserve					$72,754	
Adjustment of Earned Surplus for Newly Applied Accounting for Tax Allocation						1,098,515
Conversion of Convertible Bonds	355,848		355,848			
Issuance of Common Stock	114,054		114,054			
Issuance of Preferred Stock		$1,304,852	771,049			
Balance, March 31, 1999	**$1,875,824**	**$1,304,852**	**$2,260,426**	**$276,345**	**$72,754**	**$ 427,692**

Non-Consolidated Statements of Cash Flows

Years ended March 31, 1999 and 1998

		Millions of yen		Thousands of U.S. dollars (Note 1)
		1999	1998	**1999**
Operating Activities	Net (Loss) Income	**¥ (144,021)**	¥ 7,506	**$ (1,194,707)**
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
	Depreciation and Amortization	**5,561**	5,579	**46,133**
	Deferred Income Tax	**(111,135)**	—	**(921,906)**
	Provision for Reserve for Possible Loan Losses	**299,531**	201,274	**2,484,704**
	Provision for Possible Losses from Loans Sold to CCPC	**3,368**	421	**27,939**
	Reversal of Other Reserves	**(1,449)**	(5,018)	**(12,020)**
	Net Gain on Investment Securities	**(75,097)**	(159,962)	**(622,961)**
	Losses on Sales of Loans and Bills Discounted	**76,515**	35,030	**634,724**
	Net Loss (Gain) on Disposals of Premises and Equipment	**1,092**	(297)	**9,061**
	Other—Net	**54,406**	(18,560)	**451,315**
	Changes in Assets and Liabilities:			
	Increase in Trading Assets	**(9,633)**	(13,799)	**(79,916)**
	Increase in Trading Liabilities	**12,889**	7,806	**106,922**
	Decrease in Other Assets	**88,475**	40,767	**733,929**
	(Decrease) Increase in Other Liabilities	**(108,441)**	17,357	**(899,552)**
	Total Adjustments	**236,081**	110,596	**1,958,373**
	Net Cash Provided by Operating Activities	**92,059**	118,103	**763,666**
Investing Activities	Purchases of Investment Securities	**(1,739,108)**	(2,085,391)	**(14,426,448)**
	Proceeds from Sales and Redemption of Securities	**2,460,513**	1,950,150	**20,410,732**
	Purchases of Premises and Equipment	**(8,600)**	(10,706)	**(71,345)**
	Proceeds from Sales of Premises and Euipment	**1,899**	4,810	**15,753**
	Decrease (Increase) in Call Loans and Bills Bought	**444,760**	(567,278)	**3,689,429**
	Decrease in Monetary Claims Bought	**—**	12,500	**—**
	(Increase) Decrease in Money Held in Trust	**(22,261)**	46,858	**(184,667)**
	Decrease in Loans and Bills Discounted	**678,761**	630,980	**5,630,537**
	Net Cash Provided by (Used in) Investing Activities	**1,815,964**	(18,077)	**15,063,990**
Financing Activities	Issuance of Subordinated Bonds	**—**	100,000	**—**
	Issuance of Subordinated Convertible Bonds	**—**	97,366	**—**
	Issuance of Preferred Stock	**250,250**	—	**2,075,902**
	Issuance of Common Stock	**27,497**	—	**228,100**
	Decrease in Convertible Bonds	**(39,820)**	—	**(330,319)**
	(Decrease) Increase in Deposits	**(547,678)**	169,880	**(4,543,165)**
	Decrease in Call Money	**(210,518)**	(294,164)	**(1,746,316)**
	(Decrease) Increase in Bills Sold	**(95,200)**	69,600	**(789,713)**
	Decrease in Payable to Trust Account	**(1,208,404)**	(813,952)	**(10,024,090)**
	Increase in Other Borrowed Money	**131,235**	9,150	**1,088,640**
	Decrease (Increase) in Bond Repurchase Liabilities	**(365,637)**	436,666	**(3,033,080)**
	Dividends Paid	**(5,991)**	(5,991)	**(49,701)**
	Net Cash Used in Financing Activities	**(2,064,267)**	(231,443)	**(17,123,744)**
	Net Decrease in Cash and Cash Equivalents	**¥ (156,243)**	¥ (131,416)	**$ (1,296,088)**
	Cash and Cash Equivalents, Beginning of Year	**699,647**	831,064	**5,803,796**
	Cash and Cash Equivalents, End of Year	**¥ 543,404**	¥ 699,647	**$ 4,507,708**
	Additional Cash Flow Information:			
	Interest Paid	**¥ 394,198**	¥ 446,607	**$ 3,270,003**
	Income Taxes Paid	**3,613**	2,684	**29,971**
	Non-Cash Investing and Financing:			
	Conversion of Convertible Bonds to Common Stock and Capital Surplus	**¥ 85,795**	—	**$ 711,704**

See Notes to Non-Consolidated Financial Statements (Banking Account).

Notes to Non-Consolidated Financial Statements (Banking Account)

The Mitsui Trust and Banking Company, Limited
Years ended March 31, 1999 and 1998

Note 1

Basis of Presentation of Financial Statements

The accompanying non-consolidated financial statements (Banking Account) have been prepared from the accounts maintained by The Mitsui Trust and Banking Company, Limited ("Mitsui Trust") in accordance with accounting principles and practices generally accepted in Japan, the Uniform Accounting Standards for Banks issued by the Japanese Bankers Association and the Securities and Exchange Law of Japan, which are different in certain respects as to application and disclosure requirements of the International Accounting Standards. The non-consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The non-consolidated statements of cash flows are not required as part of the basic financial statements in Japan but are presented herein as additional information.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to Mitsui Trust's financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

All amounts expressed in yen have been rounded down to the nearest million yen, and all amounts expressed in U.S. dollars have been rounded down to the nearest thousand dollars.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.55 to US$1, the approximate rate of exchange at March 31, 1999. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Note 2

Summary of Significant Accounting Policies

a. Non-Consolidation

The accompanying non-consolidated financial statements include only the accounts of Mitsui Trust. Investments in subsidiaries are stated at cost and the equity method of accounting has not been adopted.

b. Cash and Cash Equivalents

For the purpose of the non-consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

c. Mark-to-Market Accounting for Trading Purpose Transactions

"Transactions for Trading Purposes" (the purpose of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading Assets" and "Trading Liabilities" on a trade-date basis. Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at market value and trading-related financial derivatives are at the amounts that would be settled if they were terminated at the end of the fiscal year.

d. Translation of Foreign Currency Accounts

Assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at each balance sheet date, except that certain special accounts specified by the Uniform Accounting Standards for Banks, are translated at the historical rates. Unrealized gains or losses arising from the above translation procedures are reflected in current operations for the period.

The forward exchange contracts, except for the swap transactions described below, are valued at prevailing market rates at the end of the fiscal year in accordance with the Uniform Accounting Standards for Banks. The gain or loss resulting from long-term contracts with remaining lives of more than one year are reported on a net present value basis. The discount or premium on a forward exchange contract that is intended to hedge an identifiable foreign currency asset or liability is accounted for separately in determining net income over the life of the swap transaction. The interest income or expense with regard to currency swaps are accrued over the life of the swap transaction. Foreign currency futures and option contracts are valued at market rates prevailing at the year-end.

e. Option Premiums

Option premiums are accounted for as income or expense items at the option expiration date, rights execution date or rights expiration date, until which time they are accounted for as "Other Assets" or "Other Liabilities" in the non-consolidated balance sheets.

f. Investment Securities

All investment securities are stated at cost. Cost of securities sold is determined by the moving-average method. When the market price of investment securities is substantially less than cost and the decline in the market price is considered to be permanent, the investment securities are valued at the market price.

The valuation method of securities held in individually managed money trusts for asset management purposes are stated at cost.

Effective March 31, 1998, as permitted under the amended Accounting Standards for Banks issued by the Ministry of Finance of Japan, Mitsui Trust changed its valuation method for certain securities from the lower of cost or market method to the cost method. Accordingly, all securities are stated at cost as of March 31, 1998, although, previously, certain securities such as convertible bonds, bonds with warrants, stocks and other securities listed on stock exchanges held by Mitsui Trust were carried at the lower of cost or market value.

Mitsui Trust believes that adoption of the cost method is preferable and prevents distortion of Mitsui Trust's operating results from short-term market volatility because debt securities as portfolio investment and equity securities as investments for customer relations are both principally held by Mitsui Trust on a long-term basis.

The valuation method of securities held in individually managed money trusts for asset management purposes has also been changed to the cost method.

The effect of these changes for the year ended March 31, 1998, was an increase in Income before Income Taxes of ¥157,937 million.

g. Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation. Depreciation is computed by the declining-balance method while the straight-line method is applied to building acquired after April 1, 1998. The range of useful lives is from 20 to 50 years (22 to 65 years in 1998) for buildings, from 5 to 12 years for equipment and from 3 to 10 years for furniture and fixtures.

h. Land Revaluation

Under the new "Law of Land Revaluation," promulgated on March 31, 1998 and 1999, respectively, Mitsui Trust elected the one-time revaluation for its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of shareholders' equity in 1999. The resulting land revaluation excess represents unrealized appreciation of the land and is stated as a liability in 1998. There is no effect on the statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation reserve account and deferred tax liabilities. The details of the one-time revaluation as of March 31, 1999 and 1998, are as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Land before Revaluation	**¥54,250**	¥54,258	**$450,022**
Land after Revaluation	**69,384**	69,458	**575,569**
Land Revaluation Excess	**15,134**	15,200	**125,546**
(Net of Income Taxes)	**(8,770)**	—	**(72,754)**

i. Stock Issue Expenses

Stock issue expenses are charged to income when paid.

j. Reserve for Possible Loan Losses

The amounts of the provision for reserve for possible loan losses is determined based on management's judgment and assessment of future losses based on the self assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

Mitsui Trust implemented the self assessment system for its asset quality. The quality of all loans are assessed by branches and the loan supervisory division with a subsequent audit by the asset assessment division in accordance with Mitsui Trust's policy and rules for self assessment of asset quality.

Mitsui Trust has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self assessment of asset quality. All loans are classified into five categories for self assessment purpose such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

Reserve for possible loan losses is calculated based in the specific actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self assessment categories.

In addition, provisions for possible loan losses relating to restructuring countries are recorded in accordance with the Accounting Standards for Banks.

With respect to loans with collateral and/or guarantees extended to borrowers in bankruptcy or borrowers effectively in bankruptcy, the unrecoverable amount is estimated by deducting from the loan amount the realizable value of collateral or the amount likely to be recovered based on guarantees. The outstanding amount thus determined is then directly written off from the loan amount as the amount. During 1999, such loans amounted to ¥417,427 million.

k. Reserve for Retirement Allowances and Pension Plans

The Reserve for Retirement Allowances is provided in accordance with the Uniform Accounting Standards for Banks and represents the amount that would be required if all employees were to voluntarily terminate their employment at the end of each year. Mitsui Trust has adopted a non-contributory funded pension plan to replace a part of the existing unfunded retirement benefit plan. The replacement percentage was changed to 40% from 30%, on October 1, 1998. Prior service costs are accrued as incurred.

In addition, Mitsui Trust has a contributory pension plan covering all employees.

l. Reserve for Possible Losses on Collateralized Real Estate Sold to CCPC

The reserve for possible losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company ("CCPC") is provided at an amount deemed necessary to cover possible losses based on the estimated fair value of real estate. In accordance with the terms of the loans collateralized by real estate sales contracts, Mitsui Trust is required to cover certain portions of losses incurred as defined in the contract, when CCPC disposes of real estate in satisfaction of related debt.

m. Reserve for Possible Investment Losses

Reserve for possible investment losses is provided for the possible losses arising from the investment in borrowers classified as a "possible bankruptcy" category which defined on the self assessment system.

n. Income Taxes

Effective April 1, 1998, Mitsui Trust adopted accounting for allocation of income taxes based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥132,426 million ($1,098,515 thousand) is included as an adjustment to earned surplus as of April 1, 1998.

o. Leases

All leases are accounted for as operating leases. In accordance with Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as operating leases if certain "as if capitalized" information is disclosed in the notes to the lessee's non-consolidated financial statements.

p. Cash Dividends

Cash dividends are paid semiannually. Interim dividends may be paid after the end of the semiannual period, by resolution of the Board of Directors, while year-end dividends are authorized after the close of each period to which they relate and are reflected in the non-consolidated statements of shareholders' equity when duly declared and paid.

q. Per Share Information

Net income (loss) per share of common stock calculation represent net income (loss) dividends on preferred shares, divided by the average number of common shares outstanding in the respectve fiscal years.

Diluted net income per share is not disclosed because of the net loss position in 1999.

Note 3

Investment Securities

Investment securities at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Government Bonds	**¥ 474,160**	¥ 641,537	**$ 3,933,308**
Municipal Bonds	**161,611**	242,664	**1,340,621**
Corporate Bonds	**387,148**	483,591	**3,211,515**
Stocks	**1,597,514**	1,629,505	**13,251,880**
Other Securities	**619,795**	951,092	**5,141,397**
Securities Lent	**234**	351	**1,948**
Total	**¥3,240,464**	¥3,948,742	**$26,880,671**

Note 4

Loans and Bills Discounted

Loans and bills discounted at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Bills Discounted	**¥ 25,730**	¥ 36,459	**$ 213,445**
Loans on Notes	**1,554,005**	1,951,624	**12,890,958**
Loans on Deeds	**2,802,589**	3,416,886	**23,248,360**
Overdrafts	**286,412**	700,041	**2,375,882**
Total	**¥4,668,738**	¥6,105,012	**$38,728,647**

"Nonaccrual Loans"
Loans to borrowers in legal bankruptcy and past due loans are included in loans and bills discounted, and totaled ¥39,842 million ($330,504 thousand) and ¥452,308 million ($3,752,043 thousand), as of March 31, 1999, respectively.

Loans are generally placed on nonaccrual status when substantial doubt is judged to exist as to ultimate collectibility of either principal or interest if they are past due for a certain period or for other reasons.

Loans to borrowers in bankruptcy represent nonaccrual loans, after the partial charge-off of claims deemed uncollectible, to debtors who are legally bankrupt, which are defined in Article 96, Paragraph 1, Subparagraph 3 and 4 of Enforcement Ordinance for the Corporation Tax Law. Past due loans are nonaccrual loans other than loans to borrowers in bankruptcy and loans of which interest payment is deferred in order to assist the financial recovery of debtor in financial difficulties.

"Accruing Loans Contractually Past Due Three Months or More"
Accruing loans contractually past due three months or more are included in loans and bills discounted, and total ¥5,267 million ($43,698 thousand) at March 31, 1999. Loans classified as loans to borrowers in bankruptcy or past due loans are excluded.

"Restructured Loans"
Restructured loans are included in loans and bills discounted, and totaled ¥153,290 million ($1,271,592 thousand) at March 31, 1999. Such restructured loans are loans on which Mitsui Trust granted concessions (e.g., reduction of the face amount or maturity amount of the debt or accrued interest) to the debtors in financial difficulties to assist them in their financial recovery and eventually be able to pay to the creditors. Loans classified as loans to borrowers in bankruptcy or past due loans or accruing loans contractually past due three months or more are excluded.

Nonaccrual loans, accruing contractually past due three months or more and restructured loans totaled ¥650,709 million ($5,397,838 thousand) at March 31, 1999.

Note 5

Foreign Exchanges

Foreign exchanges at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Assets			
Due from Foreign Banks	**¥1,028**	¥ 1,993	**$ 8,530**
Advances to Foreign Banks	**69**	4	**573**
Foreign Exchange Bills Purchased	**1,446**	10,963	**12,000**
Foreign Exchange Bills Receivable	**—**	2,877	**—**
Total	**¥2,544**	¥15,838	**$21,104**
Liabilities			
Due to Foreign Banks	**¥5,839**	¥ 386	**$48,439**
Foreign Exchange Bills Sold	**3**	2	**26**
Foreign Exchange Bills Payable	**4**	6	**41**
Total	**¥5,847**	¥ 395	**$48,506**

Note 6

Other Assets

Other assets at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Prepaid Expenses	**¥ 261**	¥ 302	**$ 2,168**
Accrued Income	**122,025**	183,164	**1,012,239**
Other	**93,604**	107,604	**776,476**
Total	**¥215,891**	¥291,071	**$1,790,885**

Note 7

Premises and Equipment

Premises and equipment at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Land	**¥ 69,384**	¥ 69,583	**$ 575,569**
Buildings	**22,944**	23,770	**190,332**
Equipment	**11,771**	11,857	**97,648**
Construction in Progress	**2,225**	920	**18,463**
Other	**16,694**	17,370	**138,483**
Total	**¥123,021**	¥123,502	**$1,020,497**

Accumulated depreciation amounted to ¥79,228 million ($657,221 thousand) and ¥77,641 million at March 31, 1999 and 1998, respectively.

Note 8

Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and Guarantees." As a contra account, "Customers' Liabilities for Acceptances and Guarantees" is shown on the assets side of the balance sheets representing Mitsui Trust's right of indemnity from the applicant.

Customers' liabilities for acceptances and guarantees as of March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Acceptances of Bills	**¥ —**	¥ 83	**$ —**
Letters of Credit	**—**	1,947	**—**
Other Guarantees	**142,612**	200,287	**1,183,019**
Total	**¥142,612**	¥202,319	**$1,183,019**

Note 9

Deposits

Deposits at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Current Deposits	**¥ 105,005**	¥ 83,385	**$ 871,057**
Ordinary Deposits	**340,902**	324,966	**2,827,890**
Deposits at Notice	**94,725**	67,913	**785,777**
Time Deposits	**2,660,230**	2,853,380	**22,067,443**
Negotiable Certificates of Deposit	**303,457**	588,512	**2,517,274**
Other	**275,427**	409,268	**2,284,757**
Total	**¥3,779,748**	¥4,327,427	**$31,354,200**

Note 10

Borrowed Money

Borrowed money at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Borrowed Money	**¥ 53,516**	¥ 68,004	**$ 443,934**
Bills Rediscounted	**—**	3,918	**—**
Subordinated Loans	**301,737**	152,095	**2,503,003**
Total	**¥355,253**	¥224,017	**$2,946,937**

Note 11

Convertible Bonds

Convertible bonds at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
2.375% U.S. Dollar Convertible Bonds due 2001	**¥ 3,230**	¥ 3,230	**$ 26,801**
1.4% Japanese Yen Convertible Bonds due 1998	**—**	39,821	**—**
0.5% Japanese Yen Subordinated Convertible Bonds due 2007	**14,205**	100,000	**117,834**
Total	**¥17,435**	¥143,051	**$144,636**

The aforementioned bonds are convertible into common stock of Mitsui Trust at the conversion prices (set forth below), subject to adjustment under certain circumstances.

The conversion prices per share are as follows:

	Conversion price per share March 31, 1999	Fixed exchange rate
2.375% U.S. Dollar Convertible Bonds due 2001	**¥1,786.00**	**¥157.25=US$1**
0.5% Japanese Yen Subordinated Convertible Bonds due 2007	**330.00**	**—**

Note 12

Other Liabilities

Other liabilities at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Accrued Expenses	**¥100,531**	¥147,164	**$ 833,940**
Unearned Income	**4,488**	4,978	**37,235**
Cash Collateral in Exchange for Japanese Government Securities Lent	**113,887**	479,525	**944,732**
Other	**18,493**	85,264	**153,409**
Total	**¥237,401**	¥716,931	**$1,969,318**

Note 13

Contingent Liabilities

Under certain trust agreements, repayments of the corpora of the customers' trust assets are guaranteed by Mitsui Trust, and such guaranteed corpora at March 31, 1999, were ¥6,813,833 million ($56,522,879 thousand).

Note 14

Capital Stock and Capital Surplus

Common stock has a par value of ¥50 per share. Authorized common stock was 5,000 million shares and 3,000 million shares at March 31, 1999 and 1998. Authorized preferred stock without par value of per share was 800 million shares and 100 million shares at March 31, 1999 and 1998.

Under the Japanese Commercial Code (the "Code"), at least 50% of the issue price of new shares, with a minimum of the par value, is to be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to capital surplus. Mitsui Trust may transfer portions of capital surplus to stated capital by resolution of the Board of Directors.

Mitsui Trust may also transfer portions of unappropriated retained earnings to stated capital by resolution of the shareholders.

Under the Code, Mitsui Trust may issue new shares of its common stock to the existing shareholders without consideration pursuant to resolution of the Board of Directors as a stock split. Mitsui Trust may make such a stock split to the extent that the amount calculated by multiplying the number of issued shares after the stock split by par value per share does not exceed the stated capital. However, the amount calculated by dividing the total amount of shareholders' equity by the number of issued shares after the stock split shall not be less than ¥50.

On March 31, 1999, Mitsui Trust issued 229,154 thousand shares of common stock with a par value of ¥50 per share and 715,000 thousand shares of non-cumulative preferred stock without par value per share which is convertible into shares of common stock at the issue price of ¥116 per share. The preferred stock shall be entitled priority over any other class of shares with respect to dividend payments in an annual dividend amount of ¥4.38 per share.

Note 15

Legal Reserve

Under the Banking Law of Japan, Mitsui Trust is required to appropriate as a legal reserve portions of unappropriated earned surplus in the amount not less than 20% of cash payments, including cash dividends and bonuses to directors and corporate auditors, appropriated in each financial period, until such reserve equals 100% of stated capital. This reserve is not available for dividends but may be used to reduce a deficit or may be transferred to common stock.

Note 16

Earned Surplus

Earned surplus at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
General Reserve	**¥ 61,676**	¥61,376	**$511,626**
Unappropriated Earned Surplus	**(10,118)**	8,968	**(83,934)**
Total	**¥ 51,558**	¥70,344	**$427,692**

Under the Code, the General Reserve is available for future dividends subject to approval by shareholders.

Note 17

Other Interest Income

Other interest income for the years ended March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Interest on Deposits with Banks	**¥ 19,682**	¥ 25,823	**$ 163,274**
Interest on Interest Swaps	**135,424**	163,421	**1,123,391**
Other	**11,090**	14,839	**91,998**
Total	**¥166,197**	¥204,085	**$1,378,663**

Note 18

Trust Fees

Mitsui Trust receives fees for controlling and managing trust properties held under trust agreements between Mitsui Trust and its clients.

Note 19

Other Operating Income

Other operating income for the years ended March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Gain on Foreign Exchange	**¥ 3,268**	¥ 9,064	**$ 27,113**
Gain on Sales and Redemption of Bonds	**37,187**	11,601	**308,484**
Other	**845**	1,573	**7,012**
Total	**¥41,301**	¥22,239	**$342,610**

Note 20

Other Income

Other income for the years ended March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Gain on Sales of Stocks and Other Securities	**¥161,592**	¥193,461	**$1,340,457**
Gain on Money Held in Trust	**6,149**	155	**51,015**
Other	**6,416**	9,909	**53,230**
Total	**¥174,158**	¥203,527	**$1,444,703**

Note 21

Other Interest Expense

Other interest expense for the years ended March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Interest on Interest Swaps	**¥172,047**	¥179,198	**$1,427,184**
Interest on Payable to Trust Account	**48,865**	66,032	**405,355**
Other	**57,905**	54,347	**480,343**
Total	**¥278,818**	¥299,578	**$2,312,883**

Note 22

Other Operating Expenses

Other operating expenses for the years ended March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Loss on Sales of Bonds	**¥12,467**	¥ 8,784	**$103,425**
Loss on Redemption of Bonds	**16,577**	25,334	**137,517**
Other	**944**	489	**7,833**
Total	**¥29,990**	¥34,608	**$248,776**

Note 23

General and Administrative Expenses

The composition of general and administrative expenses for the years ended March 31, 1999 and 1998, is as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Salaries and Welfare Expenses	**¥ 52,047**	¥ 54,582	**$ 431,753**
Retirement Benefits	**2,423**	1,664	**20,101**
Depreciation	**5,561**	5,579	**46,133**
Rent and Lease Expenses	**15,173**	13,635	**125,865**
Tax and Public Impositions	**4,217**	4,238	**34,987**
Other	**47,600**	44,499	**394,860**
Total	**¥127,023**	¥124,198	**$1,053,703**

Note 24

Other Expenses

Other expenses for the years ended March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Provision for Possible Loan Losses	**¥299,531**	¥201,274	**$2,484,704**
Loss on Devaluation of Stocks and Other Securities	**17,137**	3,536	**142,158**
Loss on Sales of Loans and Bills Discounted (Including Losses on Sales of Loans to CCPC)	**79,884**	35,451	**662,662**
Other	**84,764**	13,444	**703,149**
Total	**¥481,317**	¥253,707	**$3,992,675**

Note 25

Income Taxes

Mitsui Trust is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 47% and 51% for the years ended March 31, 1999 and 1998, respectively.

On March 31, 1999, a tax reform law was enacted which changed the normal effective statutory tax rate from approximately 47% to 42%, effective for fiscal years beginning April 1, 1999.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities at March 31, 1999, are as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred Tax Assets:		
Reserve for Possible Loan Losses	**¥149,291**	**$1,238,420**
Write-down of Investment Securities	**31,846**	**264,178**
Tax Loss Carryforwards	**16,299**	**135,208**
Other	**46,125**	**382,623**
Deferred Tax Assets	**¥243,562**	**$2,020,431**
Deferred Tax Liabilities:		
Other Reserve	**¥ 1**	**$ 9**
Deferred Tax Liabilities	**¥ 1**	**$ 9**
Net Deferred Tax Assets	**¥243,561**	**$2,020,421**

The normal effective tax rate reflected in the accompanying non-consolidated statement of operations for the year ended March 31, 1998, differs from actual effective, primarily due to tax loss carryforwards and taxable write-down of loans.

Note 26

Leases

Total lease payments under finance lease arrangements that do not transfer ownership of the leased equipment to the lessee are ¥1,021 million ($8,473 thousand) and ¥1,312 million for the years ended March 31, 1999 and 1998, respectively.

Pro forma information of leased equipment such as acquisition cost, accumulated depreciation obligation under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 1999 and 1998, are as follows:

	Equipment		
	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Acquisition Cost	**¥3,250**	¥5,178	**$26,964**
Accumulated Depreciation	**2,340**	3,673	**19,412**
Net Leased Property	**¥ 910**	¥1,504	**$ 7,551**

Obligations under financial leases as of March 31, 1999 and 1998, are as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Due within one year	**¥495**	¥ 945	**$4,111**
Due after one year	**469**	687	**3,898**
Total	**¥965**	¥1,633	**$8,009**

The imputed interest expense portion which is computed using the interest method is excluded from the above obligations under finance leases.

Depreciation expense and interest expense, which are not reflected in the accompanying non-consolidated statements of operations, computed by the straight-line method and the interest method were ¥888 million ($7,373 thousand) and ¥58 million ($482 thousand), and ¥1,137 million and ¥105 million, respectively, for the years ended March 31, 1999 and 1998.

Note 27

Market Value Information

Carrying amounts and aggregate market values of Investment Securities, excluding securities for which a market value cannot be established, at March 31, 1999 and 1998, are as follows:

	Millions of yen		Thousands of U.S. dollars	
	Carrying amount	Aggregate market value	Carrying amount	Aggregate market value
Investment Securities:				
(1999):				
Marketable Bonds	**¥ 894,711**	**¥ 903,101**	**$ 7,421,910**	**$ 7,491,507**
Marketable Stocks	**1,526,706**	**1,418,279**	**12,664,511**	**11,765,074**
Other Marketable Securities	**224,003**	**198,657**	**1,858,179**	**1,647,922**
Total	**¥2,645,421**	**¥2,520,038**	**$21,944,601**	**$20,904,504**
(1998):				
Marketable Bonds	¥1,189,759	¥1,215,048		
Marketable Stocks	1,555,909	1,622,806		
Other Marketable Securities	428,684	356,426		
Total	¥3,174,352	¥3,194,281		

Note 28

Derivatives Information

Derivative Transactions

a. Instrument

Mitsui Trust carries out over-the-counter interest rate swaps/currency swaps[1], forward foreign exchanges[2], and forward rate agreements and related option transactions[3]. Mitsui Trust also carries out exchange-listed bond/financial futures, and related option transactions.

Pursuant to Article 17-2 of the Banking Law, "Transactions for Trading Purposes" are included in "Trading assets" and "Trading liabilities" and are stated at market value. (see Note 2 "Mark-to-Market Accounting for Trading Purpose Transactions")

As the transactions for trading purposes, Mitsui Trust carries out interest rate swaps/currency swaps, forward rate agreements, and these related options in over-the-counter market, and also carries out bond/financial futures and related option in exchange-listed markets.

1 Swaps are transactions to exchange cash flows according to a previously established agreement between two companies. For interest rate swaps, interest rates (for example, fixed rate and floating rate) are exchanged. For currency swaps, cash flows in different currencies are exchanged. These swaps make interest rate/foreign exchange risk hedging possible, and also function as an effective and advantageous tool for funding purposes.

2 Forward foreign exchange transactions are purchases or sales of foreign currencies with payment and delivery at a specified future time. (for example, purchase of U.S. dollars and sale of Japanese yen)

3 Option transactions are purchases or sales of the right to buy (call) or sell (put) financial instruments such as currencies and bonds on a certain date or within a previously determined period. They include caps, floors, and swaptions.

b. Transaction Policy

Mitsui Trust actively utilizes derivative transactions as a risk management tool since they can be used as an effective and advantageous risk-hedging instrument enabling Mitsui Trust to transfer risk at a low cost.

However, since derivative transactions could potentially lead to significant losses due to their leveraging effects, Mitsui Trust is actively developing a solid risk management system including regulatory, organizational and personnel requirements with active involvement of senior management in the process.

Mitsui Trust offers various derivative products to meet the wide ranging needs of clients. When offering these products, Mitsui Trust pays full attention to make sure that clients understand the product and the risks involved and that the product matches clients' capacity and needs.

c. Transaction Purpose

Mitsui Trust uses derivative transactions to meet the risk management, trading and financing needs of clients.

Mitsui Trust offers plain and embedded derivative products to meet clients' needs. Interest rate swaps that hedge the risk of rises in interest rates and derivative-embedded saving deposits such as "Stella" are examples of such products.

Derivatives also serve as a tool for the front office's operating position on the forecasting of interest rate movements and asset-liability management purposes. Mitsui Trust also uses derivatives in the trading account to benefit from price fluctuations or price discrepancies as well as hedging purposes.

d. Contents of Risks for Derivative Transactions

The major risks involved in derivative transactions of Mitsui Trust are as follows:

(1) Market Risk

This is the risk of loss in the values of financial instruments resulting from the changes in market factors such as interest rates and foreign exchange rates. Measurements such as BPV (Basis Point Value)[1] and VaR (Value at Risk)[2] are used to capture Mitsui Trust's market risk profile.

Mitsui Trust's VaR[3] for consolidated-based trading transactions was ¥0.2 billion at March 31, 1999. VaR ranged from ¥0.2 billion to ¥1.2 billion and averaged ¥0.5 billion during the 1998 fiscal year.

1 Change in the present value of the financial products when interest rates change by 1 basis point (=0.01%)

2 Method to statistically estimate a portfolio's maximum loss that could occur at a certain probability during a pre-determined holding period, which enables standardized measurement of risks across different products including interest rates, foreign exchanges and bonds.

3 Measurement assumes the confidence level of one-tailed 99% and a holding period of 10 days.

(2) Credit Risk

This is the risk of default by the counterparty. Unlike loans, the assumed principal on derivative transactions is for computation purposes, and does not directly translate into losses. The loss is calculated as the cost, or the reconstruction cost, for reaching an agreement with a third party for a contract with the same cash flow at the time of the default.

For Mitsui Trust, credit risk equivalent to the above mentioned replacement cost plus potential exposure in the future stood at ¥158.6 billion at March 31, 1999. This figure amounts to an extremely low 1.1% of the notional principal amount of ¥14,337.6 billion. (The credit risk equivalents and notional principal amounts are computed from consolidated financial data for BIS capital adequacy requirements.)

(3) Liquidity Risk

This is the risk of the inability to meet funding requirements of the trading activities or to offset positions in a timely manner at reasonable prices due to market fluctuation.

As a basic policy, Mitsui Trust does not handle derivative transactions with significant leverage effect.

e. Derivative Transaction Risk Management System

Although the risks in derivative transactions are not new to financial institutions, Mitsui Trust understands the need to continue to enhance and refine its risk management system because derivative transactions include intricately combined fundamental risks that could potentially lead to serious losses due to their leveraging effects.

To secure soundness, Mitsui Trust is enhancing the ability of integrated risk control on derivative transactions, other market transactions, and deposits and lending transactions. Mitsui Trust is promoting more sophisticated management techniques for each type of risk through the development of employees' knowledge and systems investments. Under the policy mentioned above, Mitsui Trust is promoting the formulation of basic policies, in-house regulations and procedures, and the update of advanced administrative techniques and systems using state-of-the-art technology under the supervision of the Executive Committee, composed of managing director level executives.

Regarding market risk, Mitsui Trust has implemented "Bylaws of Market Risk Management" which provides a basic policy for risk management and "Rules of Market Risk Management" which stipulates ways to measure and limit market risk and to separate the organization into front, middle and back offices. The Market Risk Management Division has been designated as the middle office and is independent of front offices. It identifies and analyzes market risks throughout Mitsui Trust and reports to senior management on a daily basis and to the Executive Committee on a monthly basis.

Concerning credit risk arising from derivative trading, the Credit Planning Division monitors risk based on current exposure methods and promotes an integrated management system for both on- and off-balance-sheet transactions.

The outstanding balance guidelines of the permissible instruments are established based on the market scale to manage liquidity risk which the Market Risk Management Division is responsible for monitoring.

Interest Rate Transactions

	Millions of yen			
	1999			
	Contract or notional amount			
	Total	Over one year	Fair value	Unrealized profit (loss)
Listed:				
Interest Rate Futures:				
Buying	**¥ 145,290**	**¥ —**	**¥144,938**	**¥ (352)**
Non-Listed:				
Interest Rate Swaps:				
Fixed Rate Receipt, Floating Rate Payment	**5,539,274**	**3,357,237**	**228,539**	**228,539**
Floating Rate Receipt, Fixed Rate Payment	**5,198,048**	**3,112,195**	**(222,618)**	**(222,618)**
Floating Rate Receipt, Floating Rate Payment	**148,730**	**58,670**	**275**	**275**
Others:				
Selling	**78,104**	**63,113**	**582**	**658**
	[1,241]			
Buying	**206,784**	**170,281**	**279**	**(2,252)**
	[2,532]			

	Thousands of U.S. dollars			
	1999			
	Contract or notional amount			
	Total	Over one year	Fair value	Unrealized profit (loss)
Listed:				
Interest Rate Futures:				
Buying	**$ 1,205,229**	**$ —**	**$1,202,307**	**$ (2,922)**
Non-Listed:				
Interest Rate Swaps:				
Fixed Rate Receipt, Floating Rate Payment	**45,950,015**	**27,849,335**	**1,895,805**	**1,895,805**
Floating Rate Receipt, Fixed Rate Payment	**43,119,443**	**25,816,632**	**(1,846,691)**	**(1,846,691)**
Floating Rate Receipt, Floating Rate Payment	**1,233,761**	**486,686**	**2,283**	**2,283**
Others:				
Selling	**647,897**	**523,542**	**4,832**	**5,464**
	[10,296]			
Buying	**1,715,338**	**1,412,534**	**2,321**	**(18,684)**
	[21,005]			

	Millions of yen			
	1998			
	Contract or notional amount			
	Total	Over one year	Fair value	Unrealized profit (loss)
Listed:				
Interest Rate Futures:				
Selling	¥ 142,713	¥ —	¥142,614	¥ 99
Buying	323,326	6,555	322,702	(624)
Non-Listed:				
Interest Rate Swaps:				
Fixed Rate Receipt, Floating Rate Payment	8,016,244	4,720,523	286,645	286,645
Floating Rate Receipt, Fixed Rate Payment	7,784,307	4,927,825	(297,808)	(297,808)
Floating Rate Receipt, Floating Rate Payment	159,279	155,279	(1)	(1)
Others:				
Selling	277,909	213,290		
	[5,177]		1,591	3,585
Buying	246,742	206,426		
	[4,412]		1,360	(3,051)

Notes: 1. Estimate of fair value: For the instruments listed on exchanges, the closing prices at March 31 at the Tokyo International Financial Futures Exchange and other exchanges were applied.
2. The contract amount column is a notional principal amount for swap transactions, futures, options and other transactions. As for option transactions, the option premium included on the balance sheets is entered in parentheses below the contract amount.
3. Others primarily include the cap/floor trading.
4. Details of interest rate swaps contracts such as notional principal amount and average interest rate (receipt and payment) are as described in the following:

	Millions of yen, percent		
	1999		
	Within one year	One to three years	Over three years
Remaining Term:			
Fixed Rate Receipt Swaps			
Notional Amount	**¥2,182,036**	**¥2,052,741**	**¥1,304,496**
Average Fixed Rate (Receipt)	**5.04%**	**4.55%**	**4.01%**
Average Floating Rate (Payment)	**3.24%**	**2.62%**	**2.39%**
Fixed Rate Payment Swaps			
Notional Amount	**2,085,853**	**2,312,362**	**799,833**
Average Fixed Rate (Payment)	**4.54%**	**4.12%**	**3.67%**
Average Floating Rate (Receipt)	**2.39%**	**2.04%**	**1.39%**
Floating Rate Swaps			
Notional Amount	**90,060**	**58,670**	**—**
Average Floating Rate (Receipt)	**2.13%**	**1.97%**	**—**
Average Floating Rate (Payment)	**2.31%**	**2.07%**	**—**
Total	**¥4,357,950**	**¥4,423,773**	**¥2,104,329**

	Thousands of U.S. dollars		
	1999		
	Within one year	One to three years	Over three years
Fixed Rate Receipt Swaps			
Notional Amount	**$18,100,680**	**$17,028,129**	**$10,821,206**
Fixed Rate Payment Swaps			
Notional Amount	**17,302,810**	**19,181,767**	**6,634,865**
Floating Rate Swaps			
Notional Amount	**747,075**	**486,686**	**—**
Total	**$36,150,566**	**$36,696,582**	**$17,456,072**

	Millions of yen, percent		
	1998		
	Within one year	One to three years	Over three years
Remaining Term:			
Fixed Rate Receipt Swaps			
Notional Amount	¥3,295,720	¥3,033,196	¥1,687,327
Average Fixed Rate (Receipt)	5.07%	4.86%	4.32%
Average Floating Rate (Payment)	3.96%	3.24%	2.66%
Fixed Rate Payment Swaps			
Notional Amount	2,856,482	3,354,436	1,573,389
Average Fixed Rate (Payment)	4.99%	4.30%	3.89%
Average Floating Rate (Receipt)	3.61%	2.46%	1.84%
Floating Rate Swaps			
Notional Amount	4,000	150,279	5,000
Average Floating Rate (Receipt)	1.25%	2.47%	1.16%
Average Floating Rate (Payment)	1.67%	2.67%	1.15%
Total	¥6,156,203	¥6,537,911	¥3,265,717

For the average rate column, all currency average is entered.

Notes: 5. Interest rate futures and interest rate future options traded on exchanges: The amount of these transactions has recently risen, although over-the-counter transactions are declining due to the concern for liquidity and credit risks.

6. Interest rate swaps: This is not only a core product of the dealing business of Mitsui Trust, but a major risk management tool in terms of its ALM as a whole. As of the end of March, fixed rate payments exceed receipts, indicating that their overall operation is prepared for the risk of rising interest rates. The trading amount has remained stable for the past several years.

7. Derivative transactions for trading purposes in "Trading Assets" or "Trading Liabilities" are stated at market value. Therefore, these accounts are not included in the above table. Detail of such transactions for trading purposes, such as contract or notional amounts, fair value and average interest rate are as described in the following:

	1999			
	Millions of yen		Thousands of U.S. dollars	
	Contract or notional amount	Fair value	Contract or notional amount	Fair value
Listed:				
Interest Rate Futures:				
Selling	**¥ 130,672**	**¥130,739**	**$ 1,083,972**	**$1,084,525**
Buying	**18,020**	**18,055**	**149,485**	**149,776**
Interest Rate Options:				
Selling	**1,215,000**		**10,078,805**	
	[267]	**133**	**(2,218)**	**1,105**
Buying	**1,476,000**		**12,243,882**	
	[271]	**313**	**(2,252)**	**2,597**
Non-Listed:				
Interest Rate Swaps	**1,694,406**	**1,440**	**14,055,632**	**11,947**
Others:				
Selling	**41,974**		**348,187**	
	[510]	**382**	**(4,238)**	**3,174**
Buying	**31,585**		**262,009**	
	[561]	**422**	**(4,658)**	**3,506**

	1998	
	Millions of yen	
	Contract or notional amount	Fair value
Listed:		
Interest Rate Futures:		
Selling	¥ 318,975	¥319,036
Buying	45,509	45,482
Interest Rate Options:		
Selling	2,909,500	
	[436]	265
Buying	2,803,200	
	[578]	576
Non-Listed:		
Interest Rate Swaps	1,377,394	3,448
Others:		
Selling	45,309	
	[547]	373
Buying	35,966	
	[546]	446

	Millions of yen, percent		
	1999		
	Within one year	One to three years	Over three years
Remaining Term:			
Fixed Rate Receipt Swaps			
Notional Amount	**¥326,418**	**¥221,590**	**¥319,944**
Average Fixed Rate (Receipt)	**5.94%**	**2.39%**	**2.53%**
Average Floating Rate (Payment)	**5.07%**	**1.85%**	**1.70%**
Fixed Rate Payment Swaps			
Notional Amount	**308,369**	**207,715**	**310,219**
Average Fixed Rate (Payment)	**6.03%**	**2.58%**	**2.46%**
Average Floating Rate (Receipt)	**5.03%**	**1.98%**	**1.70%**
Floating Rate Swaps			
Notional Amount	**—**	**150**	**—**
Average Floating Rate (Receipt)	**—**	**0.74%**	**—**
Average Floating Rate (Payment)	**—**	**1.15%**	**—**
Total	**¥634,787**	**¥429,456**	**¥630,163**

	Thousands of U.S. dollars		
	1999		
	Within one year	One to three years	Over three years
Fixed Rate Receipt Swaps			
Notional Amount	**$2,707,739**	**$1,838,162**	**$2,654,035**
Fixed Rate Payment Swaps			
Notional Amount	**2,558,017**	**1,723,065**	**2,573,367**
Floating Rate Swaps			
Notional Amount	**—**	**1,244**	**—**
Total	**$5,265,756**	**$3,562,472**	**$5,227,403**

	Millions of yen, percent		
	1998		
	Within one year	One to three years	Over three years
Remaining Term:			
Fixed Rate Receipt Swaps			
Notional Amount	¥399,492	¥287,099	¥128,803
Average Fixed Rate (Receipt)	5.90%	4.85%	2.39%
Average Floating Rate (Payment)	5.71%	4.76%	1.28%
Fixed Rate Payment Swaps			
Notional Amount	254,162	177,729	129,657
Average Fixed Rate (Payment)	5.81%	4.44%	2.22%
Average Floating Rate (Receipt)	5.74%	4.37%	1.24%
Floating Rate Swaps			
Notional Amount	300	150	—
Average Floating Rate (Receipt)	0.76%	1.02%	—
Average Floating Rate (Payment)	0.32%	1.15%	—
Total	¥653,955	¥464,978	¥258,461

Currency Transactions

	Millions of yen			
	1999			
	Contract or notional amount			
	Total	Over one year	Fair value	Unrealized profit (loss)
Non-Listed:				
Currency Swaps	**¥866,906**	**¥336,322**	**¥(11,323)**	**¥(11,323)**
U.S. Dollar	**834,532**	**333,746**	**(11,799)**	**(11,799)**
Sterling Pound	**15,080**	**—**	**(168)**	**(168)**
Other	**17,293**	**2,576**	**644**	**644**

	Thousands of U.S. dollars			
	1999			
	Contract or notional amount			
	Total	Over one year	Fair value	Unrealized profit (loss)
Non-Listed:				
Currency Swaps	**$7,191,264**	**$2,789,900**	**$(93,933)**	**$(93,933)**
U.S. Dollar	**6,922,709**	**2,768,530**	**(97,881)**	**(97,881)**
Sterling Pound	**125,099**	**—**	**(1,398)**	**(1,398)**
Other	**143,456**	**21,369**	**5,346**	**5,346**

	Millions of yen			
	1998			
	Contract or notional amount			
	Total	Over one year	Fair value	Unrealized profit (loss)
Non-Listed:				
Currency Swaps	¥245,661	¥149,374	¥(10,067)	¥(10,067)
U.S. Dollar	201,264	119,983	(8,313)	(8,313)
Sterling Pound	17,247	17,247	(2,468)	(2,468)
Other	27,149	12,143	713	713

Notes: 1. More than 90% of currency swap transactions, which are mainly composed of transactions with clients and their hedge transactions, are denominated in U.S. dollars on either side of the obligations.
2. Currency futures contracts and currency options are excluded from the above schedule, as their carrying amounts are repriced at the end of the term, and their profit and loss are stated in the non-consolidated statements of operations.

The contract amount of currency-related derivative transactions under repricing are as described in the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
	Contract or notional amount	Contract or notional amount	Contract or notional amount
Non-Listed:			
Foreign Exchange Forward Contracts:			
Selling	**¥629,885**	¥2,729,460	**$5,225,096**
Buying	**454,621**	1,687,458	**3,771,225**
Currency Options:			
Selling	**68,987**	238,855	**572,275**
	[1,151]	[6,245]	**[9,548]**
Buying	**64,061**	261,270	**531,413**
	[1,628]	[6,484]	**[13,509]**

Notes: 1. For option transactions, the option premium summed up in the non-consolidated balance sheets is entered in parentheses below the contract amount.
2. Although Mitsui Trust has, as a market maker, been positively engaged in forward foreign exchange transactions, the term-end balance of contracts has continued to show a slight decline for the past several years, reflecting a drop in the trading volume in the market.
3. There are no derivative currency transactions for trading purposes.

Bond Transactions

	Millions of yen		
	1999		
	Contract amount	Fair value	Unrealized profit (loss)
Listed:			
Bond Futures:			
Selling	**¥3,950**	**¥3,975**	**¥(24)**
Buying	**3,003**	**2,991**	**(12)**

	Thousands of U.S. dollars		
	1999		
	Contract amount	Fair value	Unrealized profit (loss)
Listed:			
Bond Futures:			
Selling	**$32,773**	**$32,973**	**$(199)**
Buying	**24,919**	**24,817**	**(101)**

	Millions of yen		
	1998		
	Contract amount	Fair value	Unrealized profit (loss)
Listed:			
Bond Futures:			
Selling	¥218,754	¥218,570	¥183
Buying	16,828	16,755	(72)

Notes: 1. Estimate of fair value: For exchange listed instruments, the closing prices at March 31, at the Tokyo Stock Exchange and other exchanges were applied.
2. Bond futures transactions are used mainly as a tool to control interest risk concerning the dealer business.
3. Derivative transactions for trading purposes in "Trading Assets" or "Trading Liabilities" are stated at market value. Therefore, these accounts are not included in the above table. Their contract or notional amounts and fair value are as described in the following:

	1999			
	Millions of yen		Thousands of U.S. dollars	
	Contract or notional amount	Fair value	Contract or notional amount	Fair value
Listed:				
Bond Futures:				
Selling	**¥ 927**	**¥ 927**	**$ 7,691**	**$ 7,693**
Buying	**1,853**	**1,855**	**15,373**	**15,387**
Bond Future Options:				
Selling	**17,361**	**91**	**144,014**	**759**
	[101]		**[845]**	
Buying	**18,546**	**138**	**153,844**	**1,151**
	[132]		**[1,099]**	

	1998	
	Millions of yen	
	Contract or notional amount	Fair value
Listed:		
Bond Futures:		
Selling	¥5,194	¥5,207

Note 29

Subsequent Events

a.Appropriations of Earned Surplus

The following appropriations of unappropriated earned surplus were approved at the General Common Shareholders' Meeting held on June 29, 1999.

	Millions of yen	Thousands of U.S. dollars
Transfer to Legal Reserve	**¥ 850**	**$ 7,051**
Year-end Preferred Stock		
Cash Dividends, ¥0.02 per Share	**14**	**118**
Year-end Common Stock		
Cash Dividends, ¥2.50 per Share	**4,218**	**34,994**
Total	**¥5,082**	**$42,163**

b.Agreement of Merger

On June 22, 1999, the preferred stockholders, and on June 29, 1999, the common stockholders of Mitsui Trust approved a merger agreement with The Chuo Trust & Banking Co., Ltd. ("Chuo Trust"). Pursuant to the terms and conditions of the merger agreement, which was entered into on May 24, 1999, Mitsui Trust expects to be merged with and into Chuo Trust, with Chuo Trust being the surviving corporation on April 1, 2000. At this effective date, each issued and outstanding share of the common stock (par value ¥50 per share) of Mitsui Trust will be converted into, and will be canceled in exchange for the right to receive 0.3 per share of common stock (par value ¥50 per share) of Chuo Trust. Chuo Trust will then change its name to The Chuo Mitsui Trust and Banking Company, Limited.

Independent Auditors' Report

Deloitte Touche Tohmatsu

Tohmatsu & Co.
MS Shibaura Building
13-23, Shibaura 4-chome
Minato-ku, Tokyo 108-8530
Telephone : (03)3457-7321
Facsimile : (03)3769-8508

To the Board of Directors of
The Mitsui Trust and Banking Company, Limited:

We have examined the Non-Consolidated Balance Sheets ("Banking Account") of The Mitsui Trust and Banking Company, Limited, as of March 31, 1999 and 1998, and the related Non-Consolidated Statements of Operations and Shareholders' Equity and Cash Flows for the years then ended. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the Non-Consolidated Financial Statements referred to above present fairly the financial position of The Mitsui Trust and Banking Company, Limited, as of March 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur made as of March 31, 1998 in the accounting for securities, as discussed in Note 2.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1 to the Non-Consolidated Financial Statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

As discussed in Note 29 to the Non-Consolidated Financial Statements, the shareholders approved a merger agreement with The Chuo Trust & Banking Co., Ltd., at the shareholders' meeting held on June 22 and 29, 1999.

June 29, 1999

Deloitte Touche Tohmatsu

Consolidated Financial Statements (Banking Account)

The Mitsui Trust and Banking Company, Limited, and Subsidiaries

Balance Sheets

As of March 31, 1999 and 1998

		Millions of yen		Thousands of U.S. dollars (Note 1)
		1999	1998	**1999**
Assets	Cash and Due from Banks	**¥ 554,879**	¥ 695,075	**$ 4,602,895**
	Call Loans and Bills Bought	**130,610**	574,258	**1,083,451**
	Trading Assets	**23,909**	53,650	**198,339**
	Investment Securities	**3,237,044**	3,924,152	**26,852,300**
	Money Held in Trust	**103,518**	81,272	**858,716**
	Loans and Bills Discounted	**4,624,819**	6,168,393	**38,364,329**
	Foreign Exchanges	**2,478**	15,917	**20,558**
	Other Assets	**259,574**	309,139	**2,153,254**
	Premises and Equipment	**221,906**	125,772	**1,840,787**
	Deferred Tax Assets	**244,866**	165,140	**2,031,242**
	Customers' Liabilities for Acceptances and Guarantees	**117,505**	170,060	**974,741**
	Total Assets	**¥9,521,113**	¥12,282,832	**$78,980,617**
Liabilities	Deposits	**¥3,777,803**	¥ 4,380,591	**$31,338,059**
	Call Money and Bills Sold	**53,512**	360,002	**443,899**
	Trading Liabilities	**20,695**	12,029	**171,675**
	Borrowed Money	**425,032**	214,828	**3,525,774**
	Foreign Exchanges	**6,336**	1,351	**52,561**
	Subordinated Bonds	**124,586**	125,033	**1,033,485**
	Convertible Bonds	**17,435**	143,051	**144,636**
	Payable to Trust Account	**3,736,852**	4,945,256	**30,998,363**
	Other Liabilities	**267,762**	728,932	**2,221,176**
	Reserve for Possible Loan Losses	**200,882**	598,261	**1,666,382**
	Reserve for Retirement Allowances	**15,002**	17,663	**124,448**
	Reserve for Possible Losses on Collateralized Real Estate Loans Sold to CCPC	**8,540**	5,172	**70,845**
	Reserve for Possible Investment Losses	**1,382**	—	**11,465**
	Other Reserves	**—**	1	**—**
	Deferred Tax Liabilities for Land Revaluation Excess	**6,364**	—	**52,792**
	Acceptances and Guarantees	**117,505**	170,060	**974,741**
	Land Revaluation Reserve	**—**	15,200	**—**
	Total Liabilities	**8,779,693**	11,717,437	**72,830,309**
	Minority Interest	**4,667**	—	**38,717**
Shareholders' Equity	Common Stock	**383,430**	169,483	**3,180,676**
	Capital Surplus	**272,494**	122,897	**2,260,426**
	Land Revaluation Reserve	**8,770**	—	**72,754**
	Earned Surplus	**75,271**	273,016	**624,399**
	Treasury Stock	**(3,214)**	(2)	**(26,667)**
	Total Shareholders' Equity	**736,752**	565,395	**6,111,590**
	Total Liabilities and Shareholders' Equity	**¥9,521,113**	¥12,282,832	**$78,980,617**

See Notes to Consolidated Financial Statements (Banking Account).

Consolidated Statements of Operations

Years ended March 31, 1999 and 1998

		Millions of yen		Thousands of U.S. dollars (Note 1)
		1999	1998	**1999**
Income	Interest Income:			
	Interest on Loans and Bills Discounted	**¥ 134,189**	¥170,808	**$ 1,113,144**
	Interest and Dividends on Securities	**109,642**	123,819	**909,516**
	Interest on Call Loans and Bills Bought	**687**	461	**5,702**
	Other Interest Income	**166,265**	204,618	**1,379,224**
	Trust Fees	**91,159**	130,972	**756,198**
	Fees and Commissions	**28,201**	24,917	**233,938**
	Trading Gains	**463**	1,994	**3,846**
	Other Operating Income	**41,392**	22,539	**343,361**
	Other Income	**217,446**	204,003	**1,803,786**
	Total	**789,448**	884,134	**6,548,719**
Expenses	Interest Expense:			
	Interest on Deposits	**62,234**	131,778	**516,253**
	Interest on Borrowings and Bills Sold	**13,391**	16,940	**111,085**
	Other Interest Expense	**279,559**	301,561	**2,319,037**
	Fees and Commissions	**4,542**	5,036	**37,678**
	Trading Losses	**1,014**	196	**8,412**
	Other Operating Expenses	**30,169**	35,042	**250,262**
	General and Administrative Expenses	**135,173**	124,496	**1,121,307**
	Other Expenses	**515,927**	257,365	**4,279,783**
	Total	**1,042,012**	872,417	**8,643,820**
	Income (Loss) before Income Taxes and Minority Interests	**(252,564)**	11,717	**(2,095,101)**
Income Taxes	Current	**2,331**	2,858	**19,340**
	Deferred	**(78,414)**	4,758	**(650,475)**
	Minority Interest in Net Income	**161**	—	**1,343**
	Net Income (Loss)	**¥ (176,319)**	¥ 4,100	**$(1,462,622)**

	Yen		U.S. dollars
	1999	1998	**1999**
Per Share of Common Stock			
Net Income (Loss)	**¥(135.89)**	¥3.42	**$1.12**
Diluted Net Income	**—**	3.30	**—**

See Notes to Consolidated Financial Statements (Banking Account).

Consolidated Statements of Shareholders' Equity

Years ended March 31, 1999 and 1998

	Thousands		Millions of yen				
	Outstanding Number of Shares of Common Stock	Outstanding Number of Shares of Preferred Stock	Capital Stock: Common Stock	Capital Stock: Preferred Stock	Capital Surplus	Land Revaluation Reserve	Earned Surplus
Balance, April 1, 1997	1,198,296		¥169,483		¥122,897		¥274,907
Net Income							4,100
Cash Dividends, ¥5.0 per Share							(5,991)
Balance, March 31, 1998	1,198,296		169,483		122,897		273,016
Net Loss							(176,319)
Cash Dividends, ¥5.0 per Share							(5,976)
Land Revaluation Reserve						¥8,770	
Adjustment of Earned Surplus for Newly Consolidated Subsidiaries							(10,966)
Adjustment of Earned Surplus for Newly Associated Companies							63
Adjustment of Earned Surplus for Newly Applied Accounting for Tax Allocation							718
Decrease by Liquidating Previously Consolidated Subsidiaries							(5,263)
Conversion of Convertible Bonds	259,984		42,897		42,897		
Issuance of Common Stock	229,154		13,749		13,749		
Issuance of Preferred Stock		715,000		¥157,300	92,950		
Balance, March 31, 1999	**1,687,435**	**715,000**	**¥226,130**	**¥157,300**	**¥272,494**	**¥8,770**	**¥ 75,271**

	Thousands of U.S. dollars				
	Capital Stock: Common Stock	Capital Stock: Preferred Stock	Capital Surplus	Land Revaluation Reserve	Earned Surplus
Balance, March 31, 1998	$1,405,921		$1,019,475		$2,264,753
Net Loss					(1,462,622)
Cash Dividends, ¥5.0 per Share					(49,579)
Land Revaluation Reserve				$72,754	
Adjustment of Earned Surplus for Newly Consolidated Subsidiaries					(90,973)
Adjustment of Earned Surplus for Newly Associated Companies					530
Adjustment of Earned Surplus for Newly Applied Accounting for Tax Allocation					5,956
Decrease by Liquidating Previously Consolidated Subsidiaries					(43,665)
Conversion of Convertible Bonds	355,848		355,848		
Issuance of Common Stock	114,054		114,054		
Issuance of Preferred Stock		$1,304,852	771,049		
Balance, March 31, 1999	**$1,875,824**	**$1,304,852**	**$2,260,426**	**$72,754**	**$ 624,399**

Consolidated Statements of Cash Flows

Year ended March 31, 1999

		Millions of yen	Thousands of U.S. dollars (Note 1)
		1999	1999
Operating Activities	Net Loss	¥ (176,319)	$ (1,462,623)
	Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:		
	Depreciation and Amortization	27,050	224,392
	Deferred Income Tax	(78,414)	(650,476)
	Provision for Reserve for Possible Loan Losses	297,072	2,464,310
	Provision for Possible Losses from Loans Sold to CCPC	3,368	27,939
	Reversal of Other Reserves	(1,493)	(12,389)
	Net Gain on Investment Securities	(74,342)	(616,695)
	Minority Interest in Net Loss	161	1,343
	Losses on Loans and Bills Discounted	81,189	673,489
	Net Loss on Disposals of Premises and Equipment	1,394	11,565
	Other—Net	59,519	493,731
	Change in Assets and Liabilities, Net of Effects from Newly and Previously Consolidated Subsidiaries:		
	Increase in Trading Assets	(9,633)	(79,917)
	Increase in Trading Liabilities	8,851	73,423
	Decrease in Other Assets	110,282	914,825
	Decrease in Other Liabilities	(98,906)	(820,460)
	Total Adjustments	326,097	2,705,081
	Net Cash Provided by Operating Activities	149,778	1,242,458
Investing Activities	Purchases of Investment Securities	(1,893,779)	(15,709,496)
	Proceeds from Sales and Redemption of Securities	2,614,533	21,688,373
	Purchases of Premises and Equipment	(22,948)	(190,362)
	Proceeds from Premises and Equipment	3,888	32,258
	Decrease in Call Loans and Bills Bought	441,347	3,661,119
	Increase in Money Held in Trust	(22,246)	(184,540)
	Decrease in Loans and Bills Discounted	680,064	5,641,351
	Net Cash Provided by Investing Activities	1,800,860	14,938,703
Financing Activities	Issuance of Preferred Stock	250,250	2,075,902
	Issuance of Common Stock	27,497	228,100
	Redemption of Convertible Bonds	(39,820)	(330,319)
	Redemption of Bonds	(446)	(3,703)
	Decrease in Bond Repurchase Liabilities	(365,637)	(3,033,080)
	Decrease in Deposits	(532,792)	(4,419,678)
	Decrease in Call Money and Bills Sold	(305,718)	(2,536,030)
	Decrease in Payable to Trust Account	(1,208,404)	(10,024,090)
	Increase in Other Borrowed Money	106,863	886,465
	Increase in Treasury Stock	(3,212)	(26,646)
	Dividends Paid	(5,976)	(49,579)
	Dividends Paid for Minority Interests	(5)	(47)
	Net Cash Used in Financing Activities	(2,077,402)	(17,232,706)
	Net Decrease in Cash and Cash Equivalents	¥ (126,763)	$ (1,051,545)
	Cash and Cash Equivalents, Beginning of Year	695,075	5,765,873
	Cash and Cash Equivalents of Newly Consolidated Subsidiaries, Beginning of Year	700	5,809
	Cash and Cash Equivalents of Previously Consolidated Subsidiaries, Beginning of Year	(14,133)	(117,242)
	Cash and Cash Equivalents, End of Year	¥ 554,879	$ 4,602,895
	Additional Cash Flow Information:		
	Interest Paid	¥ 403,374	$ 3,346,122
	Income Taxes Paid	4,359	36,164
	Non-Cash Investing and Financing:		
	Conversion of convertible bonds to common stock and capital surplus	¥ 85,795	$ 711,686

See Notes to Consolidated Financial Statements (Banking Account).

Notes to Consolidated Financial Statements (Banking Account)

The Mitsui Trust and Banking Company, Limited, and Subsidiaries
Years ended March 31, 1999 and 1998

Note 1

Basis of Presentation of Financial Statements

The accompanying consolidated financial statements (Banking Account) have been prepared from the accounts maintained by The Mitsui Trust and Banking Company, Limited ("Mitsui Trust"), and consolidated subsidiaries, in accordance with accounting principles and practices generally accepted in Japan, the Uniform Accounting Standards for Banks issued by the Japanese Bankers Association and the Securities and Exchange Law of Japan, which are different in certain respects as to application and disclosure requirements of the International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Consolidated statements of cash flows are not required as a part of the basic financial statements in Japan, but are presented for 1999 as additional information.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to Mitsui Trust's financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The accompanying notes have been summarized and rearranged for the convenience of readers outside Japan.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.55 to US$1, the approximate rate of exchange at March 31, 1999. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Note 2

Principles of Consolidation

The consolidated financial statements as of March 31, 1999, include the accounts of Mitsui Trust and its significant 24 (15 for the year ended March 31, 1998) subsidiaries.

Effective April 1, 1998, the Companies changed their consolidation scope from the application of the ownership concept to the control concept. Under the control concept, those companies in which the Parent, directly or indirectly, is able to exercise control over operations are to be fully consolidated.

The consolidated financial statements for the year ended March 31, 1998, are not retroactively adjusted. The change of retained earnings arising from the change in the consolidation scope is recognized as "Adjustment of retained earnings for newly consolidated subsidiaries" in the consolidated statements of shareholders' equity for the year ended March 31, 1999.

Two affiliated companies (20% to 50% ownership), including Prudential-Mitsui Trust Investments Co., Ltd. (a Japanese corporation), are accounted for by the equity method of accounting.

The consolidated financial statements do not included the accounts of Sanshin Create Co., Ltd. (a Japanese corporation), and 39 other subsidiaries in 1999 (a subsidiary in 1998), because the combined total assets, total income, net income and earned surplus would not have had a material effect on the consolidated financial statements.

Investments in these 40 unconsolidated subsidiaries and four other affiliates are stated at cost. If the equity method of accounting had been applied to the investment in that company, the effect on the accompanying consolidated financial statements would not be material.

A consolidated subsidiary changed its fiscal year-end from September 30 to February 28, and another consolidated subsidiary changed its fiscal year-end from July 31 to January 31. Accordingly, fiscal 1999 included only the five months and six months of their operations, respectively.

All significant intercompany transactions, balances and unrealized profits have been eliminated in consolidation.

Note 3

Translation of Foreign Currency Accounts

The financial statements of foreign consolidated subsidiaries are translated into Japanese yen at exchange rates as of each balance sheet date, except for shareholders' equity, which is translated at the historical exchange rate. The differences arising from such translation are shown as "Other Assets" in the consolidated balance sheet as of March 31, 1999 and 1998.

Foreign currency accounts held by Mitsui Trust are translated into yen at the exchange rates prevailing at the end of each fiscal year, except that certain special accounts specified by the Uniform Accounting Standards for Banks, are translated at the historical rates.

Foreign currency accounts held by the consolidated foreign subsidiaries are translated into the currencies of the subsidiaries at the respective year-end exchange rates.

Note 4

Significant Accounting Policies of Mitsui Trust

Refer to Note 2 of the notes to non-consolidated financial statements.

a. Reserve for Loan Losses

With respect to loans with collateral and/or guarantees extended to borrowers in bankruptcy or borrowers effectively in bankruptcy, the unrecoverable amount is estimated by deducting from the loan amount the realizable value of collateral or the amount likely to be recovered based on guarantee. The outstanding amount thus determined is then directly written off from the loan amount as the amount that is not likely to be recovered, which is ¥417,427 million in 1999.

Each of the consolidated subsidiaries maintains a reserve for possible loan losses which is provided at amounts deemed necessary to cover such losses, based on their past experiences in estimates of future recoverability. Each of the domestic consolidated subsidiaries maintains a reserve for possible loan losses which is provided by the same manner as Mitsui Trust.

b.Retained Earnings

The Code also requires companies to appropriate from retained earnings to a legal reserve an amount equal to at least 10% of all cash payments which are made as an appropriation of retained earnings until such reserve equals 25% of stated capital. This reserve amount, which is included in retained earnings, totaled ¥33,313 million ($276,345 thousand) and ¥32,114 million as of March 31, 1999 and 1998, respectively, and is not available for dividends but may be used to reduce a deficit by resolution of shareholders.

c. Income Taxes

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

d. Leases

All leases of Mitsui Trust and the consolidated subsidiaries are accounted for as operating leases. In accordance with Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as rental transactions if certain “as if capitalized” information is disclosed in the notes to the lessee’s non-consolidated financial statements. The disclosure requirements of these standards are being applied on a step-by-step basis beginning with fiscal years starting on or after April 1, 1996, with full implementation expected from fiscal years staring on or after April 1, 1998.

Note 5

Significant Accounting Policies of the Consolidated Subsidiaries

Certain consolidated subsidiaries apply accounting policies which may differ from Mitsui Trust’s policies in certain respects, such as the straight-line method for depreciation of premises and equipment. These policy differences did not have a significant effect on Mitsui Trust’s consolidated financial statements.

Note 6

Accounting Change

Effective March 31, 1998, as permitted under the amended Accounting Standards for Banks issued by the Ministry of Finance of Japan, Mitsui Trust changed its valuation method for certain securities from the lower of cost or market method to the cost method. Accordingly, all securities are stated at cost as of March 31, 1998, although, previously, certain securities such as convertible bonds, bonds with warrants, stocks and other securities listed on stock exchanges held by Mitsui Trust were carried at the lower of cost or market value. Mitsui Trust believes that adoption of the cost method is preferable and prevents distortion of Mitsui Trust’s operating results from short-term market volatility because debt securities as portfolio investment and equity securities as investments for customer relations are both principally held by Mitsui Trust on a long-term basis. The valuation method of securities held in individually managed money trusts for asset management purposes has also been changed to the cost method. The effect of these changes for the year ended March 31, 1998, was an increase in Income before Income Taxes of ¥157,937 million.

Note 7

Loans and Bills Discounted

“Nonaccrual Loans”

Loans to borrowers in legal bankruptcy and past due loans are included in loans and bills discounted, and total ¥51,391 million ($426,304 thousand) and ¥466,093 million ($3,866,387 thousand), respectively.

Loans are generally placed on nonaccrual status when substantial doubt is judged to exist as to ultimate collectibility of either principal or interest if they are past due for a certain period or other reasons.

Loans to borrowers in bankruptcy represent nonaccrual loans, after the partial charge-off of claims deemed uncollectible, to debtors who are legally bankrupt, which are defined in Article 96, Paragraph 1, Subparagraph 3 and 4 of Enforcement Ordinance for the Corporation Tax Law. Past due loans are nonaccrual loans other than loans to borrowers in bankruptcy and loans of which interest payment is deferred in order to assist the financial recovery of debtor in financial difficulties.

"Accruing Loans Contractually Past Due Three Months or More"
Accruing loans contractually past due three months or more are included in loans and bills discounted, and total ¥5,292 million ($43,898 thousand). Loans classified as loans to borrowers in bankruptcy or past due loans are excluded.

"Restructured Loans"
Restructured loans are included in loans and bills discounted, and totaled ¥154,371 million ($1,280,555 thousand). Such restructured loans are loans on which Mitsui Trust granted concessions (e.g., reduction of the face amount or maturity amount of the debt or accrued interest) to the debtors in financial difficulties to assist them in their financial recovery and eventually be able to pay to the creditors. Loans classified as loans to borrowers in bankruptcy or past due loans or accruing loans contractually past due three months or more are excluded.

Non accrual loans, accruing contractually past due three months or more and restructured loans totaled ¥677,147 million ($5,617,146 thousand) at March 31, 1999.

Note 8

Contingent Liabilities

Under certain trust agreements, repayments of the corpora of the customers' trust assets are guaranteed by Mitsui Trust, and such guaranteed corpora at March 31, 1999, were ¥6,813,833 million ($56,522,879 thousand).

Note 9

Income Taxes

Mitsui Trust and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 47% and 51% for the years ended March 31, 1999 and 1998, respectively.

On March 31, 1999, a tax reform law was enacted in Japan which changed the normal effective statutory tax rate from approximately 47% to 42%, effective for years beginning April 1, 1999. The effect of this change on deferred taxes in the Consolidated Statements of Operations for the year ended March 31, 1999 is approximately ¥29,382 million ($243,737 thousand).

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities at March 1, 1999 are as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred Tax Assets:		
Reserve for Possible Loan Losses	**¥148,841**	**$1,234,688**
Write-down of Investment Securities	**31,846**	**264,178**
Tax Loss Carryforwards	**17,246**	**143,069**
Other	**46,932**	**389,316**
Deferred Tax Assets	**¥244,867**	**$2,031,252**
Deferred Tax Liabilities:		
Other Reserve	**¥ 1**	**$ 9**
Deferred Tax Liabilities	**¥ 1**	**$ 9**
Net Deferred Tax Assets	**¥244,866**	**$2,031,242**

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 1999, and the actual effective tax rates reflected in the accompanying consolidated statements of operations is as follows:

Normal Effective Statutory Tax Rate	**42.05%**
Tax Benefits not Recognized on Operating Losses of Subsidiaries	**–0.24**
Reexamine of Deferred Tax Assets	**–0.98**
Effect of Tax Rate Reduction	**–11.64**
Other—Net	**0.93**
Actual Effective Tax Rate	**30.12%**

The normal effective tax rate reflected in the accompanying consolidated statements of operations for the year ended March 31, 1998, differs from the actual effective tax rate, primarily due to the effect of permanently non-deductible expenses and temporary differences in the recognition of asset and liability items for tax and for financial reporting purposes.

Note 10

Leases

Total leases payments under finance lease arrangements that do not transfer ownership of the leased property to the lessee were ¥1,047 million ($8,688 thousand) and ¥1,349 million for the years ended March 31, 1999 and 1998, respectively.

The imputed interest expense portion which is computed using the interest method is excluded from the above obligations under finance leases.

Lessee

	Millions of yen		
	1999		
	Premises	Equipment	Total
Acquisition Cost	¥3,321	¥54	¥3,375
Accumulated Depreciation	2,365	18	2,384
Net Leased Property	¥ 955	¥36	¥ 991

	Thousands of U.S. dollars		
	1999		
	Premises	Equipment	Total
Acquisition Cost	$27,552	$449	$28,001
Accumulated Depreciation	19,626	149	19,776
Net Leased Property	$ 7,926	$299	$ 8,225

Obligations under financial leases as of March 31, 1999 and 1998, were as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Due within One Year	¥ 519	¥ 982	$4,305
Due after One Year	529	774	4,395
Total	¥1,049	¥1,757	$8,701

Lessor

	Premises	
	1999	
	Millions of yen	Thousands of U.S. dollars
Acquisition Cost	¥130,071	$1,078,985
Accumulated Depreciation	73,375	608,674
Net leased Property	¥ 56,696	$ 470,311

Obligations under financial leases as of March 31, 1999, were as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥20,985	$174,079
Due after one year	44,772	371,403
Total	¥65,757	$545,482

Note 11

Segment Information

Mitsui Trust and its subsidiaries operate predominantly in the banking and trust business and certain subsidiaries deal in securities although those operations comprise a minor share of Mitsui Trust's total business.

Domestic (Japan) total income and total assets by geographic segmentation for fiscal 1999 represented more than 90% of the consolidated total income and total assets of each respective year. Accordingly, segment information by geographic area was not required to be disclosed.

The operations of Mitsui Trust and consolidated subsidiaries for the year ended March 31, 1998, is summarized by geographic area as follows:

	Millions of yen				
	Japan	North America	Outside Japan	Eliminations	Consolidated
Total Income:					
Outside Customers	¥ 766,395	¥ 35,251	¥ 82,487	¥ —	¥ 884,134
Interarea Transfer	4,062	5,947	338	(10,348)	
	770,457	41,199	82,826	(10,348)	884,134
Total Expenses	768,205	38,589	75,120	(9,385)	872,529
	¥ 2,251	¥ 2,609	¥ 7,706	¥ (963)	
Income before Income Taxes					¥ 11,605
Total Assets	¥11,395,337	¥635,453	¥693,007	¥(440,965)	¥12,282,832

Note 12

Subsequent Event

One June 22, 1999, the preferred stockholders, and on June 29, 1999, the common stockholders of Mitsui Trust approved a merger agreement with The Chuo Trust & Banking Co., Ltd. ("Chuo Trust"), pursuant to the terms and conditions of the merger agreement, which was entered into on May 24, 1999, Mitsui Trust expects to be merged with and into Chuo Trust with Chuo Trust being the surviving corporation on April 1, 2000. At this effective date, each issued and outstanding share of the common stock (par value ¥50 per share) of Mitsui Trust will be converted into, and will be canceled in exchange for the right to receive 0.3 per share of common stock (par value ¥50 per share) of Chuo Trust. Chuo Trust will then change its name to The Chuo Trust and Banking Company, Limited.

Independent Auditors' Report

Deloitte Touche
Tohmatsu

Tohmatsu & Co.
MS Shibaura Building
13-23, Shibaura 4-chome
Minato-ku, Tokyo 108-8530
Telephone : (03)3457-7321
Facsimile : (03)3769-8508

To the Board of Directors of
The Mitsui Trust and Banking Company, Limited:

We have examined the Consolidated Balance Sheets ("Banking Account") of The Mitsui Trust and Banking Company, Limited and consolidated subsidiaries as of March 31, 1999 and 1998, and the related Consolidated Statements of Operations and Shareholders' Equity for the years then ended, and the related consolidated statements of cash flows for the year ended March 31, 1999. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the Consolidated Financial Statements referred to above present fairly the financial position of The Mitsui Trust and Banking Company, Limited and consolidated subsidiaries as of March 31, 1999 and 1998, and the results of their operations for the years then ended, and the results of their cash flow for the year ended March 31, 1999, in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, made as of March 31, 1998, in the accounting for securities, as discussed in Note 6.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1 to the Consolidated Financial Statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

As discussed in Note 12 to the Consolidated Financial Statements, the shareholders approved a merger agreement with the Chuo Trust & Banking Co., Ltd., at the shareholders' meeting held on June 22 and 29, 1999.

June 29, 1999

Deloitte Touche Tohmatsu

Non-Consolidated Financial Statements (Trust Account—Unaudited)

The Mitsui Trust and Banking Company, Limited

Balance Sheets

As of March 31, 1999 and 1998

		Millions of yen		Thousands of U.S. dollars (Note 1)
		1999	1998	**1999**
Assets	Loans and Bills Discounted (Note 2)	**¥ 3,118,802**	¥ 3,542,139	**$ 25,871,445**
	Securities (Note 3)	**14,607,629**	13,913,961	**121,174,861**
	Securities Held for Investment Trusts	**1,380,603**	2,230,289	**11,452,541**
	Securities Lent	**2,300**	2,300	**19,079**
	Call Loans and Bills Bought	**1,391,794**	1,592,610	**11,545,367**
	Other Assets	**9,054,046**	9,726,044	**75,106,154**
	Total Assets	**¥29,555,177**	¥31,007,345	**$245,169,449**
Liabilities	Money Trusts (Note 4)	**¥16,325,241**	¥14,469,996	**$135,422,992**
	Pension Trusts	**4,335,828**	4,331,127	**35,967,056**
	Property Formation Benefit Trusts	**17,941**	19,773	**148,833**
	Loan Trusts (Note 5)	**5,185,264**	6,461,512	**43,013,394**
	Securities Investment Trusts	**2,452,379**	3,827,490	**20,343,254**
	Money in Trust Other than Money Trusts	**834,012**	1,505,701	**6,918,395**
	Securities in Trust	**3,714**	3,813	**30,816**
	Money Claims in Trust	**50,063**	68,916	**415,296**
	Equipment Trusts	**2,138**	2,890	**17,741**
	Real Estate Trusts	**104,969**	110,730	**870,753**
	General Trusts	**243,621**	205,394	**2,020,913**
	Total Liabilities	**¥29,555,177**	¥31,007,345	**$245,169,449**

See Notes to Non-Consolidated Financial Statements (Trust Account).

Notes to Non-Consolidated Financial Statements (Trust Account—Unaudited)

The Mitsui Trust and Banking Company, Limited
Years ended March 31, 1999 and 1998

Note 1

Trust Accounts

Under the Trust Law of Japan, trust activities must be administered separately from a commercial banking business. As a result, assets accepted in trust must be segregated from other assets. Within the general category of trust accounts, each trust account is segregated from other trust assets. Accordingly, the financial statements of The Mitsui Trust and Banking Company, Limited ("Mitsui Trust") do not reflect Mitsui Trust's records as to the assets accepted in trust, which are maintained separately under the Trust Account.

Under certain trust agreements, repayments of the corpora of the customers' trust assets are guaranteed by Mitsui Trust, and such guaranteed corpora at March 31, 1999 and 1998, were ¥6,813,833 million ($56,522,879 thousand) and ¥8,149,449 million, respectively.

All amounts have been rounded down to the nearest million yen, and the nearest thousand dollars.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.55 to US$1, the approximate rate of exchange at March 31, 1999. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Note 2

Loans and Bills Discounted

Loans and bills discounted at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Loans on Deeds	**¥2,658,269**	¥3,021,706	**$22,051,174**
Loans on Notes	**460,097**	519,893	**3,816,655**
Bills Discounted	**435**	540	**3,616**
Total	**¥3,118,802**	¥3,542,139	**$25,871,445**

Claims in bankruptcy and other claims, representing loans receivable on which no interest is accrued, are included in loans and bills discounted, and amounted to ¥7,391 million ($61,311 thousand) and ¥75,988 million ($630,346 thousand) in 1999 (¥8,469 million and ¥35,501 million in 1998), respectively.

Restructured loans were ¥6,892 million ($57,171 thousand) at March 31, 1999. Restructured loans, designed to assist in the recovery of the financial health of debtors, are loans for which interest rates have been reduced from the rate of the original loan agreement to levels below the official discount rate; loans for which a profit margin has not been maintained; and nonaccrual loans on which interest payments are exempted.

Note 3

Securities

Listed stocks, convertible bonds and bonds with stock purchase warrants are carried at the lower of cost or market. Other securities are stated at cost.

Securities held at March 31, 1999 and 1998, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Government Bonds	**¥ 3,246,496**	¥ 3,359,908	**$ 26,930,701**
Municipal Bonds	**226,442**	223,791	**1,878,414**
Corporate Bonds	**1,157,709**	1,475,788	**9,603,563**
Stocks	**6,326,478**	5,725,358	**52,480,124**
Foreign Securities	**3,624,134**	3,077,755	**30,063,326**
Other Securities	**26,368**	51,357	**218,731**
Total	**¥14,607,629**	¥13,913,961	**$121,174,861**

Note 4

Balance of Jointly Operated Designated Money Trusts

Jointly Operated Designated Money Trusts are included in money trusts and the balances of these accounts are as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Assets			
Loans and Bills Discounted	**¥ 793,914**	¥ 704,942	**$ 6,585,770**
Securities	**21,039**	9,193	**174,528**
Other	**428,784**	576,733	**3,556,899**
Total	**¥1,243,738**	¥1,290,869	**$10,317,198**
Liabilities			
Principal	**¥1,240,571**	¥1,286,964	**$10,290,927**
Reserve for Possible Loan Losses	**1,381**	2,140	**11,463**
Other	**1,785**	1,763	**14,807**
Total	**¥1,243,738**	¥1,290,869	**$10,317,198**

In the case of Jointly Operated Designated Money Trusts, the principal amount is guaranteed and, as the above table indicates, reserve for possible loan losses is set aside by Mitsui Trust. The figures of the table include funds reinvested from the other trusts managed by Mitsui Trust.

Note 5

Balance of Loan Trusts

The balance of loan trusts is as follows (the figures include funds reinvested from other trusts managed by Mitsui Trust):

	Millions of yen		Thousands of U.S. dollars
	1999	1998	**1999**
Assets			
Loans and Bills Discounted	**¥2,205,150**	¥2,674,841	**$18,292,414**
Securities	**332,971**	485,709	**2,762,106**
Other*	**3,149,440**	3,890,490	**26,125,598**
Total	**¥5,687,563**	¥7,051,042	**$47,180,118**
Liabilities			
Principal	**¥5,573,261**	¥6,862,484	**$46,231,952**
Special Reserve Funds	**29,979**	37,717	**248,686**
Other	**84,322**	150,839	**699,480**
Total	**¥5,687,563**	¥7,051,042	**$47,180,118**

*Mainly due from banking accounts.

As in Jointly Operated Designated Money Trusts, the principal amount of loan trusts is guaranteed and, as the above table indicates, special reserve funds are set aside by Mitsui Trust.

Eleven-Year Summary

The Mitsui Trust and Banking Company, Limited

		1999	1998	1997
Banking Account As of March 31	**Total Assets:**	**¥ 9,438,166**	¥12,056,927	¥12,234,167
	Cash and Due from Banks	**543,404**	699,647	831,064
	Call Loans and Bills Bought	**130,500**	575,260	7,982
	Investment Securities	**3,240,464**	3,948,742	3,629,224
	Loans and Bills Discounted	**4,668,738**	6,105,012	6,889,939
	Foreign Exchanges	**2,544**	15,838	33,416
	Customers' Liabilities for Acceptances and Guarantees	**142,612**	202,319	279,620
	Total Liabilities:	**¥ 8,688,599**	¥11,662,087	¥11,840,841
	Deposits	**3,779,748**	4,327,427	4,157,546
	Call Money	**53,512**	264,030	558,194
	Borrowed Money	**355,253**	224,017	214,867
	Foreign Exchanges	**5,847**	395	758
	Acceptances and Guarantees	**142,612**	202,319	279,620
	Total Shareholders' Equity	**¥ 749,567**	¥ 394,840	¥ 393,325
Trust Account As of March 31	**Total Assets:**	**¥29,555,177**	¥31,007,345	¥33,092,456
	Loans and Bills Discounted	**3,118,802**	3,542,139	3,947,848
	Securities	**14,607,629**	13,913,961	13,369,113
	Securities Held for Investment Trusts	**1,380,603**	2,230,289	3,133,276
	Call Loans and Bills Bought	**1,391,794**	1,592,610	1,692,369
	Total Liabilities:	**¥29,555,177**	¥31,007,345	¥33,092,456
	Money Trusts	**16,325,241**	14,469,996	13,489,524
	Pension Trusts	**4,335,828**	4,331,127	4,108,078
	Property Formation Benefit Trusts	**17,941**	19,773	19,099
	Loan Trusts	**5,185,264**	6,461,512	7,951,702
	Securities Investment Trusts	**2,452,379**	3,827,490	5,070,750
Statements of Income Years ended March 31	**Total Income**	**¥ 741,647**	¥ 871,489	¥ 1,059,376
	Total Expenses	**995,677**	861,932	1,047,073
	Income (Loss) before Income Taxes	**(254,029)**	9,557	12,303
	Net Income (Loss)	**¥ (144,021)**	¥ 7,506	¥ 11,154

Several accounting terms used throughout this annual report are peculiar to Japanese trust banks and are defined below and on the following page:

Total Funds = (Banking Account: deposits) + (Trust Account: money trusts + pension trusts + property formation benefit trusts + loan trusts)

Notes: 1. All figures are based on the Non-Consolidated Financial Statements.
2. All figures have been rounded down to the nearest million yen.

Millions of yen

1996	1995	1994	1993	1992	1991	1990	1989
¥13,776,372	¥13,662,552	¥15,199,040	¥14,475,374	¥14,909,446	¥14,989,320	¥16,051,747	¥12,774,208
2,357,396	2,302,631	3,907,413	2,436,777	2,405,982	2,746,026	3,512,892	2,621,712
157,661	12,960	187,934	928,526	553,023	166,968	228,489	171,494
3,867,711	4,266,177	3,873,288	3,180,829	3,439,670	3,360,979	3,388,350	2,592,949
6,452,617	6,162,290	6,234,818	6,614,885	6,594,506	6,705,584	6,916,961	5,778,120
35,929	32,127	27,229	34,501	48,912	81,788	72,923	63,694
323,777	311,149	385,133	601,622	902,259	1,052,642	1,085,437	815,258
¥13,388,210	¥13,012,229	¥14,550,811	¥13,828,548	¥14,264,135	¥14,359,529	¥15,448,847	¥12,345,925
4,694,543	3,833,864	4,293,696	4,458,555	6,046,987	6,936,715	8,182,525	6,401,815
596,476	470,501	897,629	1,005,990	1,576,163	2,129,031	2,167,510	1,720,159
200,239	245,725	215,045	211,622	159,387	43,962	86,458	14,303
404	383	1,449	3,097	8,849	1,928	14,286	12,925
323,777	311,149	385,133	601,622	902,259	1,052,642	1,085,437	815,258
¥ 388,162	¥ 650,323	¥ 648,228	¥ 646,826	¥ 645,311	¥ 629,791	¥ 602,899	¥ 428,283
¥30,539,214	¥30,806,247	¥31,419,581	¥30,209,374	¥30,285,925	¥31,555,869	¥31,958,601	¥28,255,250
4,987,796	5,259,960	5,875,942	6,298,902	6,661,872	6,591,303	5,783,728	5,367,023
11,923,333	10,688,466	9,484,026	8,598,989	8,868,034	9,235,487	9,093,494	8,522,256
3,074,542	2,932,369	3,390,866	2,967,976	3,625,661	4,701,898	5,560,361	4,504,290
1,627,277	2,371,595	1,975,143	1,826,665	2,146,858	2,756,314	3,623,684	2,982,974
¥30,539,214	¥30,806,247	¥31,419,581	¥30,209,374	¥30,285,925	¥31,555,869	¥31,958,601	¥28,255,250
10,105,525	9,229,774	8,405,038	7,891,866	6,884,882	6,256,814	5,828,086	4,800,296
3,827,192	3,638,090	3,539,699	3,349,997	3,166,831	2,962,468	2,758,896	2,494,744
19,221	18,733	16,698	17,876	16,655	18,515	16,792	15,509
9,192,580	10,459,145	11,347,954	11,454,436	10,691,284	9,837,994	8,530,774	7,761,860
5,013,452	4,771,693	5,288,229	4,743,257	5,726,869	7,329,236	9,426,018	8,519,191
¥ 1,054,085	¥ 1,034,937	¥ 1,187,929	¥ 1,097,721	¥ 1,225,096	¥ 1,321,960	¥ 1,169,601	¥ 906,241
1,301,367	1,021,455	1,175,116	1,068,564	1,177,917	1,250,748	1,049,976	774,894
(247,281)	13,482	12,812	29,156	47,179	71,212	119,622	131,347
¥ (253,702)	¥ 10,554	¥ 10,938	¥ 11,525	¥ 25,605	¥ 36,813	¥ 54,026	¥ 60,552

$$\textbf{Total Loans and Bills Discounted} = \left(\overset{\text{Banking Account:}}{\text{loans and bills discounted}}\right) + \left(\overset{\text{Trust Account:}}{\text{loans and bills discounted}}\right)$$

$$\textbf{Total Securities Portfolio} = \left(\overset{\text{Banking Account:}}{\text{investment securities}}\right) + \left(\overset{\text{Trust Account:}}{\text{securities}}\right)$$

$$\textbf{Capital and Reserves} = \left(\overset{\text{Banking Account:}}{\text{total shareholders' equity}} + \text{reserve for possible loan losses} + \text{reserve for retirement allowances} + \text{other reserves}\right) + \left(\overset{\text{Trust Account:}}{\text{reserve for possible loan losses}} + \text{special reserve funds}\right) - \left(\text{dividends}\right) - \left(\text{bonuses to directors and corporate auditors}\right)$$

Board of Directors

As of June 29, 1999

Chairman
Keiu Nishida

President
Kiichiro Furusawa

Deputy President
Akira Okada

Senior Managing Directors
Kazuo Tanabe
Shunpei Kazama

Managing Directors
Akira Yamaguchi
Masaharu Kodaka
Hiroshi Yamaguchi
Toshiaki Kamimura
Takeshi Nishi

Directors
Isamu Ando
Shigeo Uemura
Hiromu Matsuda
Tadashi Kawai
Hisatoyo Mima
Teruo Watanabe
Takeshi Tomita
Jun Okuno
Ken Sumida
Shunichi Takahashi
Itaru Masuda
Norihide Kirihara
Masuhisa Kitao

Corporate Auditors
Hiroshi Ueno
Tadashi Kuritani
Kazuhiro Tokuno
Shunji Higuchi
Hideo Kobayashi

Organization

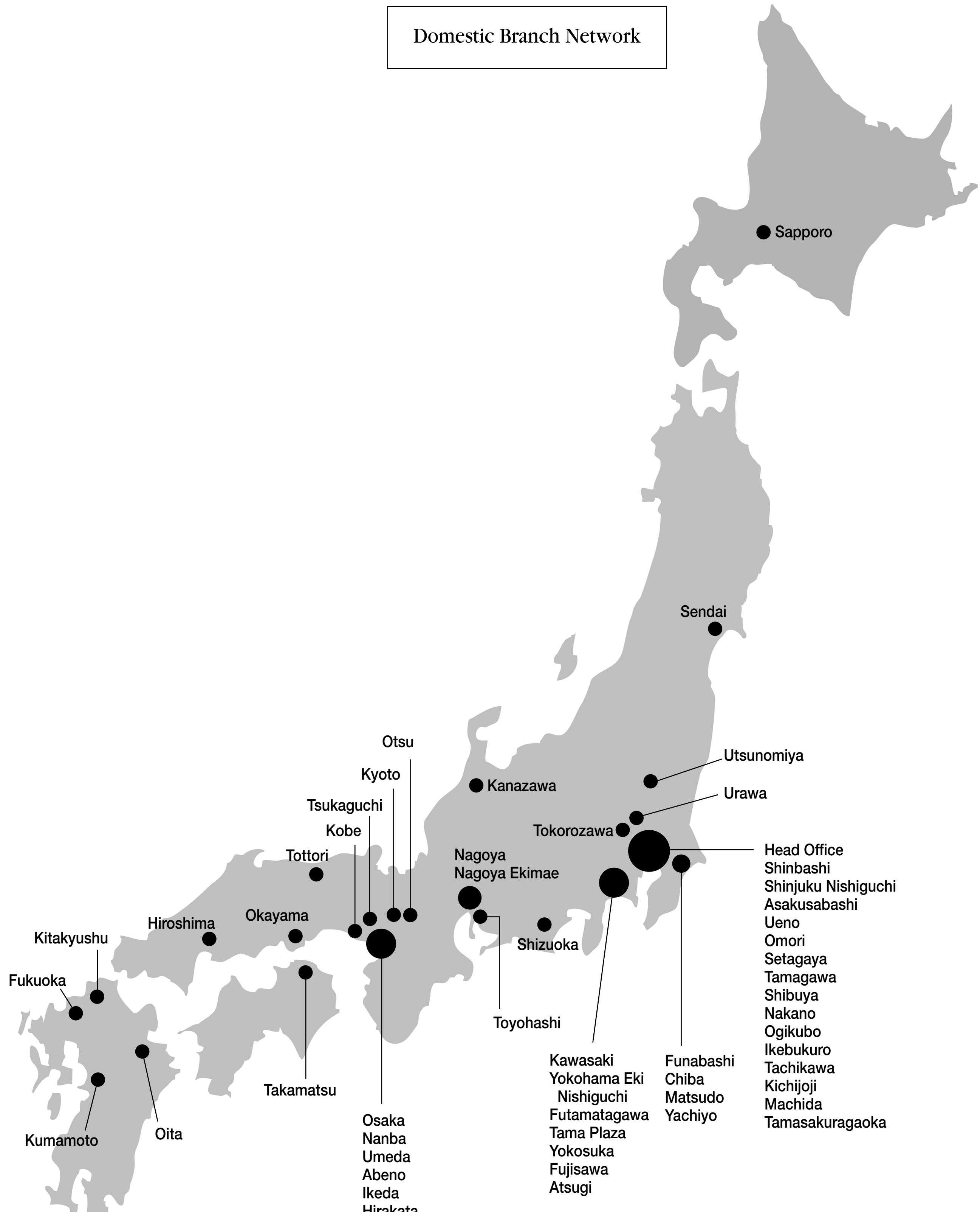
As of August 1, 1999

- General Meeting of Shareholders
  - Chairman — Board of Directors — President — Executive Committee
    - Business Promotion Planning Div.
      - Head Office Business Div. I
      - Head Office Business Div. II
      - Head Office Business Div. III
      - Head Office Business Div. IV
      - Head Office Business Div. V
      - Head Office Business Div. VI
      - Head Office Loan Administration Div.
      - Head Office Public Institutions Div.
      - Head Office Pension Business Div. I
      - Head Office Pension Business Div. II
      - Head Office Pension Business Div. III
      - Domestic Branches (54)
      - Domestic Sub-Branches (5)
    - Credit Planning Div.
    - Loan Supervision Div. I
    - Loan Supervision Div. II
    - Loan Supervision Div. III
    - International Business Div.
      - New York Representative Office
      - Beijing Representative Office
      - Singapore Representative Office
    - Settlement Administration Div.
    - Financial Institutions Div.
    - Real Estate Div.
    - Treasury Div.
    - Securities Div.
    - Asset Management Div.
      - Investment Advisory Div.
      - Public Fund Investment Div.
      - Pension Fund Investment Div.
      - Public Pension Fund Investment Div.
    - Securities Administration Div.
    - Stock Transfer Agency Div.
    - Pension Planning Div.
    - Pension Trust Div.
    - Research Div.
    - Systems Planning Div.
    - Operations Administration Div.
    - Legal Div.
    - Asset Quality Audit Div.
    - Inspection Div.
    - Personnel Div.
    - General Affairs Div.
    - Business Planning Div.
    - Project Promotion Div.
    - Corporate Risk Management Div.
    - General Planning Div.
  - Corporate Auditors
  - Board of Corporate Auditors
    - Corporate Auditors Office

- Mitsui Trust Company (U.S.A.) (wholly owned subsidiary)
- Mitsui Trust International Ltd. (wholly owned subsidiary)
- MTI Finance (Cayman) Ltd. (wholly owned subsidiary)
- MTI Capital (Cayman) Ltd. (wholly owned subsidiary)

Domestic Network

As of August 1, 1999



Major Affiliated Companies

	Service	Capital (Millions of yen)
Chuo Mitsui Guarantee Co., Ltd.	Credit guarantee services	¥ 57.5
MTB Leasing Co., Ltd.	Leasing	500
Sanshin Stock Transfer Agency Business Co., Ltd.	Stock transfer agency services	10
Chuo Mitsui Card Co., Ltd.	Credit card services	111.6
Mitsui-Shin Information System Co., Ltd.	Computer-related services	100
Chuo Mitsui Asset Management Co., Ltd.	Investment advisory	252.5
Sanshin Realty Co., Ltd.	Real estate brokerage	100
Sanshin Tatemono Kanri Co., Ltd.	Real estate management services	3,100
Mitsui-Shin Business Service Co., Ltd.	Staffing services	100
Sanshin Sogo Kanri Co., Ltd.	Real estate services	100
Sanshin Create Co., Ltd.	Employee training services	100
Prudential–Mitsui Trust Investments Co., Ltd.	Securities investment trust management	3,500

Overseas Network

As of August 1, 1999

Representative Offices

New York Representative Office
Masaki Aoyama
Chief Representative
Two World Trade Center, Suite 8322
New York, NY 10048-0632, U.S.A.
Telephone: 1-(212)-333-3100
Telefax: 1-(212)-488-6050

Beijing Representative Office
Hiroshi Kawahara
Chief Representative
7th Floor, Chang Fu Gong Office Building,
A-26, Jian Guo Men Wai Da Jie,
Chao Yang District,
Beijing 100022, PRC
Telephone: 86-(10)-6513-9234
Telex: 22741 MTBBJ CN
Telefax: 86-(10)-6513-9235

Singapore Representative Office
Satoshi Osako
Chief Representative
20 Cecil Street
#22-01 The Exchange
Singapore 049705
Republic of Singapore
Telephone: 65-532-2353
Telefax: 65-532-6155

Overseas Subsidiaries

Mitsui Trust Company (U.S.A.)
Hideki Iwakami
President
1251 Avenue of the Americas, 38th Floor,
New York, NY 10020-1104, U.S.A.
Telephone: 1-(212)-790-5500
Telex: 147245 MTB (USA)
Telefax: 1-(212)-790-5590

Mitsui Trust International Ltd.
Nobuaki Nakamura
Managing Director
5th Floor, 6 Broadgate
London EC2M2TB, U.K.
Telephone: 44-(171)-588-2053
Telex: 945831 MTINTL G
Telefax: 44-(171)-847-8500

MTI Finance (Cayman) Ltd.
P.O. Box 309, George Town,
Grand Cayman,
Cayman Islands, B.W.I.

MTI Capital (Cayman) Ltd.
P.O. Box 309, George Town,
Grand Cayman,
Cayman Islands, B.W.I.

Investor Information

As of March 31, 1999

The Mitsui Trust and Banking Company, Limited

Registered Head Office
1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-0022, Japan
Telephone: 81-3-3270-9511
Telefax: 81-3-3245-0459
Telex: J26397 (TRUSTMIT J26397)
S.W.I.F.T. Address: MTRB JPJT
Web site: http://www.mitsuitrust.co.jp/

Year of Incorporation
1924

Paid-in Capital
¥383,430 million

Number of Shares Authorized
5,800 million shares
Common: 5,000 million shares
Preferred: 800 million shares

Number of Shares Issued
Common: 1,687,435 thousand
Preferred Series I: 715,000 thousand

Number of Shareholders
Common: 50,295
Preferred Series I: 1

Major Shareholders

Common

Name	Number of Shares Held (Thousands)	Percentage of Total Shares (%)
Mitsui Mutual Life Insurance Co.	80,013	4.74
Mitsui Fudosan Co., Ltd.	55,749	3.30
The Sakura Bank, Ltd.	43,980	2.60
Mitsui & Co., Ltd.	41,162	2.43
Mitsui Marine & Fire Insurance Co., Ltd.	29,315	1.73
Tokyu Corporation	29,162	1.72
Mitsubishi Electric Corp.	28,488	1.68
European Bank for Reconstruction and Development	25,000	1.48
J.P. Morgan Trust Bank Ltd.	24,338	1.44
Fuji Photo Film Co., Ltd.	24,136	1.43
Toyota Motor Corporation	21,810	1.29
Mitsui Chemicals	21,769	1.29
Toray Industries, Inc.	21,167	1.25
Tobu Railway Co., Ltd.	20,062	1.18
Japan Securities Finance Co., Ltd.	19,932	1.18
Toshiba Corporation	18,628	1.10
Kajima Corporation	17,276	1.02
Nippon Paper Industries Co., Ltd.	16,882	1.00
State Street Bank and Trust Company	16,367	0.96
Tokyu Land Corporation	16,076	0.95
Total	571,320	33.85

Preferred Series I

Name	Number of Shares Held (Thousands)	Percentage of Total Shares (%)
The Resolution and Collection Bank (The Resolution and Collection Corporation)	715,000	100

Note: As of April 1, 1999, The Resolution and Collection Bank merged with Housing Loan Administration Corporation and became The Resolution and Collection Corporation.

Certified Public Accountants
Deloitte Touche Tohmatsu

Further Information
For further information, please contact:
Investor Relations
Business Planning Division
For additional copies of our Annual Report, please write to:
Planning Group
International Business Division
The Mitsui Trust and Banking Company, Limited
1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-0022, Japan